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Application Proof of

百望云
baiwang.com

BAIWANG CO., LTD.
百望股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

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(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Total number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
[REDACTED]	**:**	**[REDACTED] per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on [REDACTED] and subject to refund on [REDACTED])**
Nominal value	**:**	**RMB1.00 per H Share**

[REDACTED]

***Sole Sponsor,* [REDACTED]**

海通國際 HAITONG

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[REDACTED]

IMPORTANT

[**REDACTED**]

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[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

[**REDACTED**]

EXPECTED TIMETABLE[1]

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EXPECTED TIMETABLE[1]

[**REDACTED**]

CONTENTS

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This summary aims to give you an overview of the information contained in this document and should be read in conjunction with the full text of this document. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document, including our financial statements and the accompanying notes, before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks of* [**REDACTED**] *in the* [**REDACTED**] *are set forth in the section headed "Risk Factors." You should read that carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

We are an enterprise digitalization solutions provider in China, focusing on offering SaaS financial & tax digitalization and data-driven intelligence solutions through our *Baiwang Cloud* platform. We process a variety of transaction documents, including among others, invoices, receipts, bills, and other accounting records, that accurately reflect key business transactions of enterprises. Empowered by valuable insights into voluminous transaction data and equipped with advanced big data analytics capabilities, we facilitate the automated and digitalized business decision-making by financial service providers and other enterprise customers. We believe we are well-positioned to capture the market opportunities, leveraging our leadership as evidenced by the following, according to the F&S Report:

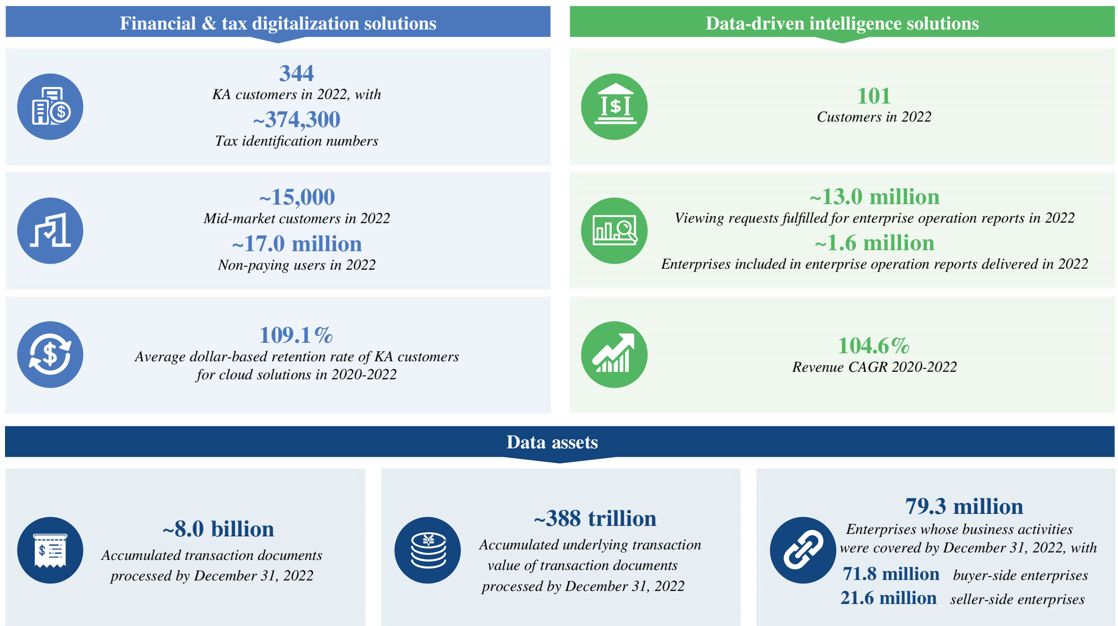
- we ranked first in China's cloud financial and tax-related transaction digitalization market in 2022 in terms of revenue, representing a market share of 6.6%, and second in China's financial and tax-related transaction digitalization market in 2022 in terms of revenue, representing a market share of 4.3%;

- we ranked first among financial and tax-related transaction digitalization solution providers in China, with approximately 0.7 billion invoice processing requests fulfilled through our cloud solutions in 2022;

- we ranked second among financial and tax-related transaction digitalization solution providers in China, with approximately 1.7 billion VAT invoices issued through our cloud solutions in 2022; and

- we ranked second in China's transaction-based big data analytics for SMB financing market in 2022 in terms of revenue, representing a market share of 5.9%.

The following diagram illustrates our operating achievements during the periods indicated.



We strive to connect enterprises of different scales across industries and enable them to transact in a more intelligent, efficient, coordinated and compliant manner. Since our inception, we have strategically leveraged information security and compliance technologies, which we believe are an indispensable component of the digital transaction infrastructure, to facilitate the digitalized processing and circulation of transaction documents. We have launched a suite of digitalization solutions covering the key processes of enterprise transactions, from procurement, billing, invoicing, to automated management of account receivables and payables and tax filings. The voluminous transaction data accumulated through our service offerings, together with our strong big data analytics capabilities, has enabled us to obtain valuable data insights and facilitate the optimization of decision-making by financial service providers and other enterprises across industries.

Capitalizing on favorable government policies and prominent market demand, we have attracted a large base of KA customers, including some of the largest commercial banks, insurance companies, internet giants, and other industry-leading corporate conglomerates in China. The in-depth industry know-how and reputation accumulated through serving these KA customers have allowed us to attract a growing number of mid-market customers and further penetrate into more industry verticals.

As we continue to provide financial & tax digitalization solutions and with proper authorization from customers and users, we have access to a massive volume of transaction documents and data. Leveraging our big data analytics technology, we uncover business trends and insights from desensitized transaction data and develop our data-driven intelligence solutions, which are offered primarily to financial service providers to empower their business development and risk management. In 2022, we served 101 customers with our data-driven intelligence solutions, and we fulfilled approximately 13.0 million viewing requests for enterprise operation reports, with approximately 1.6 million enterprises included in the enterprise operation reports delivered.

Our Market Opportunities

We have capitalized on the favorable government policies driving the development of China's financial and tax-related transaction digitalization market to rapidly grow our business. The following diagram illustrates the policy evolutions in such market.

2012 B2V (營改增) Reform

The B2V reform launched by the PRC government in 2012, and its subsequent comprehensive implementation, had promoted the rapid adoption of e-invoices in industries such as banking, insurance, telecommunications and retail, creating demands of centralized invoice management from corporate conglomerates.

2015 SDI (放管服) Reform

The "Streamline the government, Delegate power and Improve government services" reform launched by the PRC government in 2015, along with the third phase of Golden Tax Project, had nurtured a favorable operation environment for small and micro-sized businesses, and stimulated the development of SMB financing.

2021 Digital Invoice (數電票) Pilot Program

The digital invoice pilot program launched in 2021 and its nationwide implementation facilitates the reduction of transaction costs and brings about the transformation of intelligent financial and tax management and application of transaction-based big data.

The adoption and proliferation of e-invoices have facilitated the digital transformation of enterprises' financial and tax management. Driven by enterprises' growing demands for operational efficiency, cost-saving and compliance, China's financial and tax-related transaction digitalization market, in term of revenue, increased from RMB3.7 billion in 2018 to RMB5.9 billion in 2022, at a CAGR of 12.4%, and is expected to reach RMB19.3 billion in 2027, at a CAGR of 26.7% from 2022 to 2027. The market size of China's financial and tax-related transaction digitalization market, as a percentage of the total transaction digitalization market in China in terms of revenue, was 3.5% and 3.1% in 2018 and 2022, respectively, and is expected to increase to 5.6% in 2027. The market size of China's financial and tax-related transaction digitalization market, as a percentage of the total enterprise digitalization market in China in terms of revenue, remained relatively stable at 0.9% and 0.9% in 2018 and 2022, respectively, and is expected to increase to 1.7% in 2027.

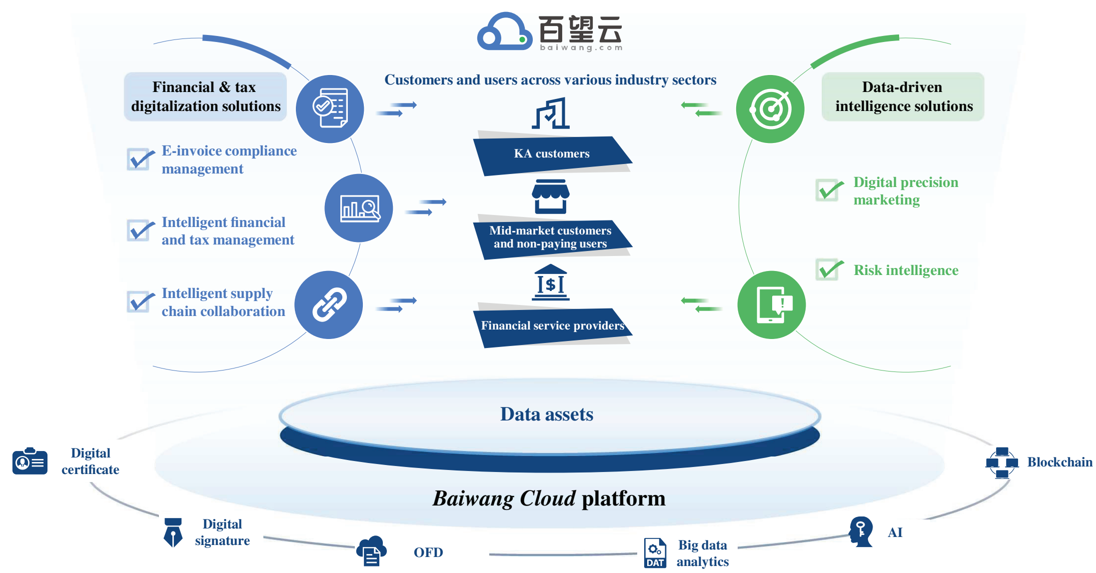
In an effort to facilitate economic growth and promote employment, the PRC government has continued to promote SMB financing. However, due to the massive number of small and micro-sized businesses in China and the lack of objective and reliable metrics to assess their financial condition, financial service providers are in dire need of comprehensive risk management capabilities to accurately evaluate the financial condition of small and micro-sized businesses to make informed lending decisions. By using big data analytics as a solution to examine the transaction nature, amount, frequency and other transaction information of small and micro-sized businesses as reflected in their transaction documents, financial service providers are able to discern their scales and transaction patterns and identify their potential financing needs and the associated credit risks.

Driven by the development of SMB financing in China, big data analytics solutions have been quickly adopted by financial service providers in China for cost-effective risk management and customer acquisition. China's transaction-based big data analytics for SMB financing market, in terms of revenue, increased from RMB1.3 billion in 2018 to RMB4.5 billion in 2022, at a CAGR of 35.2%, and is expected to reach RMB15.3 billion in 2027, at a CAGR of 28.0% from 2022 to 2027. The market size of China's transaction-based big data analytics for SMB financing market, as a percentage of the total big data analytics for SMB financing market in China in terms of revenue, increased from 18.6% in 2018 to 19.7% in 2022, and is expected to increase to 21.2% in 2027.

China's financial and tax-related transaction digitalization market and transaction-based big data analytics for SMB financing market are relatively fragmented with increasingly intense market competition. Top five players in China's financial and tax-related transaction digitalization market accounted for 21.3% of total market share in terms of revenue in 2022, with more than 150 market players competing in such market in 2022, according to the F&S Report. Top five players in China's transaction-based big data analytics for SMB financing market accounted for 24.8% of total market share in terms of revenue in 2022, with more than 150 market players competing in such market in 2022, according to the same source.

Our Business Model

We have strategically developed our proprietary *Baiwang Cloud* platform, which is an intelligent business platform integrating advanced technologies, such as digital certificate, digital signature, OFD, big data analytics, AI and blockchain. *Baiwang Cloud* platform enables us to provide customers in an array of industry verticals with reliable, comprehensive and modularized SaaS solutions, including: (1) financial & tax digitalization solutions, delivered in cloud and/or on-premises applications and consisting of e-invoice compliance management, intelligent financial and tax management and intelligent supply chain collaboration solutions, and (2) data-driven intelligence solutions, consisting of digital precision marketing services and risk intelligence services. During the Track Record Period, we generated revenue primarily through charging (i) recurring subscription fees and/or usage-based fees for cloud financial & tax digitalization solutions, (ii) sales-based fees, usage-based fees and/or annual subscription fees for our data-driven intelligence solutions, and (iii) software license fees, one-time implementation fees and annual maintenance fees for on-premises financial & tax digitalization solutions. The following diagram sets forth the key aspects of our business model.



Solutions	Products and Services	Key Functions and Features	Principal Customers/Users	Pricing
Cloud financial & tax digitalization solutions (雲化財稅數字化解決方案)	E-invoice compliance management solutions (電子票據合規管理解決方案)	Enable customers to digitalize the process of, among others, e-invoice issuance, delivery and compliance	Enterprises of all sizes across various industry sectors	• Annual subscription fees; • Usage-based fees; and • Implementation service fees
	Intelligent financial and tax management solutions (智能財稅管理解決方案)	Enable customers to record, store and verify e-invoices received by them, streamline accounting document archiving and complete tax filing		
	Intelligent supply chain collaboration solutions (智能供應鏈協同解決方案)	Enable customers to automate account payment and settlement with their business partners		
Data-driven intelligence solutions (數據驅動的智能解決方案)	Digital precision marketing services (精準數字營銷服務)	Recommend financial products launched by financial service providers to potential product users	Financial service providers and licensed credit reporting agencies	• Sales-based fees
	Risk intelligence services (智能風控服務)	(1) Enable customers to understand business performance and operation status of potential and existing users based on their e-invoice and transaction records		• Annual subscription fees; • Usage-based fees; and • Project-based fees

Solutions	Products and Services	Key Functions and Features	Principal Customers/Users	Pricing
		(2) Recommend potential users of financial products to financial service providers (3) Optimize customers' risk control modeling and risk management measures		
On-premises financial & tax digitalization solutions (本地部署財稅數字化解決方案)		(1) Centralize and automate e-invoice compliance and tax management with on-premises application (2) Collect and store structured data for enterprise expenditure and related e-invoices locally in a centralized data base (3) Automate transaction record collection and logging and store electronic accounting archive locally	Large enterprises and corporate conglomerates	• Software license fees; • Implementation fees; • Annual maintenance fees; and • Hardware equipment fees

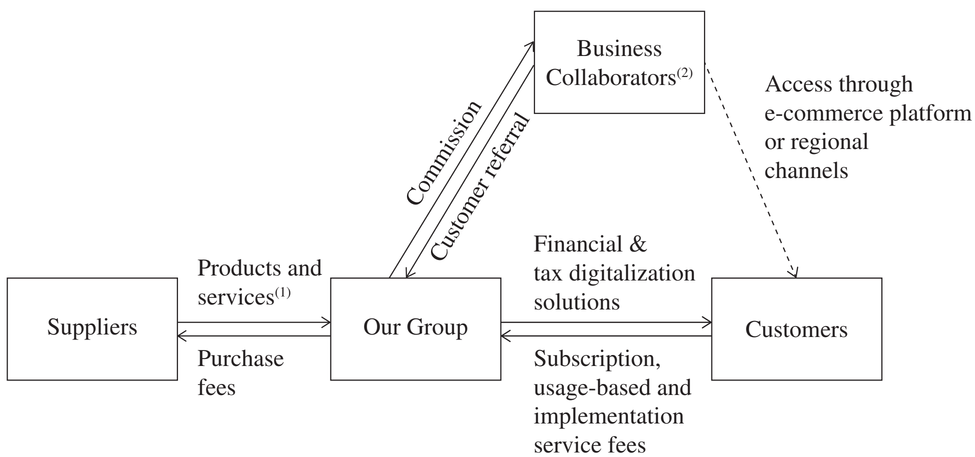
Our Financial & Tax Digitalization Solutions

E-invoice compliance management solutions (電子票據合規管理解決方案). Our e-invoice compliance management solutions enable enterprise customers to digitalize the full-life cycle of e-invoices, from issuance, circulation, analysis to archiving, to help enterprises improve their operational efficiency, cost-saving and compliance. The number of VAT invoices issued through our cloud solutions in 2022 was approximately 1.7 billion, representing an aggregate transaction amount of approximately RMB77.7 trillion. Pursuant to the applicable PRC rules and regulations, the basic functions of e-invoice generation, printing, search and delivery shall be provided to users free of charge.

Intelligent financial and tax management solutions (智能財稅管理解決方案). Our intelligent financial and tax management solutions streamline, digitalize and automate enterprise spending and tax management processes, including e-invoice collection, verification and certification, expenditure management, electronic accounting archiving and tax filing, which enable enterprises to gain greater control of spending, achieve cost savings, optimize tax management and improve management efficiency. The number of invoice processing requests fulfilled through our cloud solutions in 2022 was approximately 0.7 billion, and the transaction amount underlying the invoices processed was approximately RMB74.2 trillion.

Intelligent supply chain collaboration solutions (智能供應鏈協同解決方案). Our intelligent supply chain collaboration solutions connect enterprises with their business partners along the supply chains, automate account payment management process and streamline settlement collaboration among transaction parties, which effectively reduce labor and time costs traditionally associated with the communication among enterprises and improve transaction efficiency. As of September 30, 2023, transactions with an aggregated amount of approximately RMB95.7 billion had been processed with our intelligent supply chain collaboration solutions.

The following diagram illustrates the transaction and fund flow for our financial & tax digitalization solutions.



(1) Primarily include hardware and IT services.

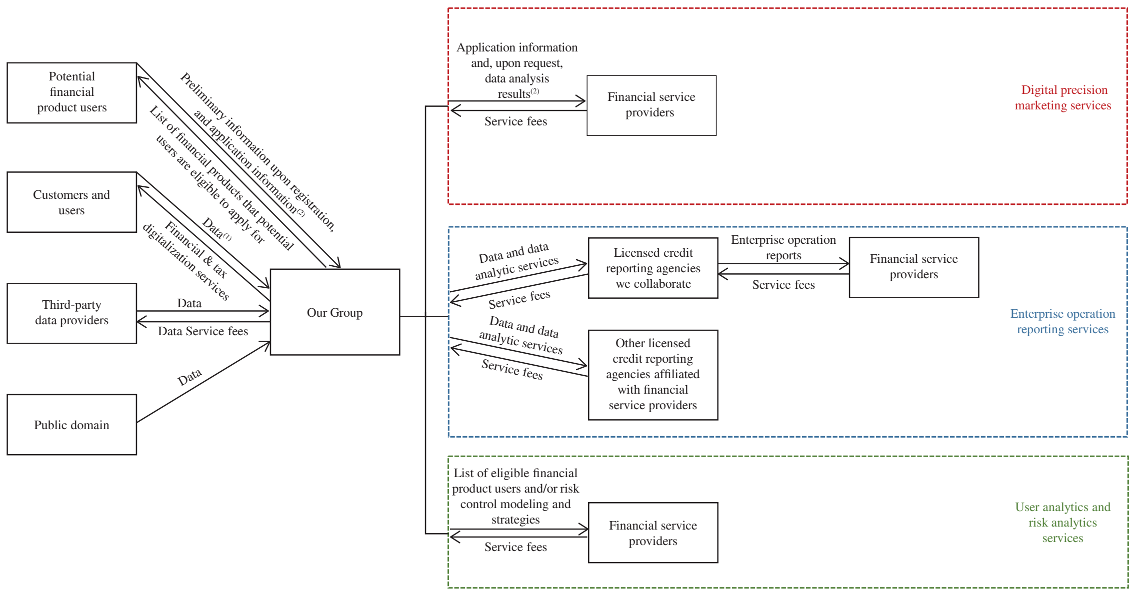
(2) To a much lesser extent, certain business collaborators may directly purchase from us software license of our cloud solutions and resell them to end customers. See "Business—Sales and Marketing—Sales Model—Business Collaborators —Other business collaborators" for details.

Our Data-driven Intelligence Solutions

Digital precision marketing services (數字精準營銷服務). Leveraging our big data analytics capabilities, we uncover enterprises' transaction trend and financial performance based on their invoice records and analyze their financing needs. Our digital precision marketing services connect eligible potential users with suitable financial products and empower financial service providers to effectively identify, access and acquire users of financial products.

Risk intelligence services (智能風控服務). Our risk intelligence services comprise enterprise operation reporting services, user analytics services, and risk analytics services. Our enterprise operation reporting services enable financial service providers to develop comprehensive and meaningful understanding of relevant enterprises' operational performance and financial well-being as reflected in their digital transaction documents. Our user analytics services identify potential users of financial products based on our analysis of their transaction data, and facilitate the user acquisition by financial service providers. Our risk analytics services devise and configure risk management system for financial service providers, and enable them to optimize their risk control strategies and enhance their ability to independently monitor, detect and manage risks.

The following diagram illustrates the data, transaction and fund flows for our data-driven intelligence solutions.



(1) We obtain consent from our customers and users prior to using their data and financial and tax information for our enterprise operation reporting services.

(2) If potential financial product users elect to proceed to apply for financial products displayed on our platform, we will redirect them to the application page of the relevant financial service providers, so that they can complete and submit the applications. To a lesser extent, potential financial product users may need to submit their application information through us and licensed credit reporting agencies. Upon request by financial service providers, we would also send our data analysis results pertaining to the relevant applicants upon their authorization and consent through licensed credit reporting agencies we collaborate with or other licensed credit reporting agencies affiliated with financial service providers to financial service providers to empower their decision-making. See "Business—Cloud Solutions—Data-driven Intelligence Solutions—Digital Precision Marketing Services" for details.

Our Data Assets

We process a variety of transaction documents, including among others, invoices, receipts, bills, and other accounting records that accurately reflect key business activities. As of September 30, 2023, we had processed approximately 12.7 billion transaction documents, covering business activities of approximately 90.9 million enterprises, including approximately 81.9 million buyer-side enterprises and approximately 26.2 million seller-side enterprises, and representing transactions with an aggregate value of approximately RMB569.1 trillion. Leveraging our AI and big data capabilities, we generate differentiated and rich data insights into both internal business operations and transactions among enterprises. Our data assets continue to grow with the growing number and engagement of our customers, which have enabled us to continually expand and upgrade our solution and service offerings.

Our Key Operating Data

The following table sets forth certain key operating metrics of our cloud financial & tax digitalization solutions for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
Cloud financial & tax digitalization solutions					
Number of customers					
— KA customers	164	205	217	168	218
— Mid-market customers	9,740	12,163	14,591	13,406	18,687
Number of non-paying users (in million)	8.4	7.7	17.0	15.0	23.6
Number of tax identification numbers served (in million)	36.0	35.3	40.5	33.0	43.1
Dollar-based retention rate for KA customers	103.3%	119.7%	104.4%	N/A	N/A
Average revenue per customer (RMB in thousands)	12.5	12.7	10.7	8.7	6.8

The number of non-paying users and tax identification numbers served by us slightly decreased in 2021, due to the decrease in user usage of our complimentary services, primarily caused by market competition deteriorated operational conditions of our non-paying users. The number of our non-paying users surged in 2022, primarily due to our enhanced marketing efforts to attract non-paying users. Our dollar-based retention rate for KA customers decreased in 2022, primarily due to delay in project delivery as a result of the COVID-19 pandemic. Such decrease was also partially attributable to the decrease in average customer spending in 2022, primarily due to the decrease in customer demand for digital invoice-related services as a result of the delayed implementation of the digital invoice reform during the COVID-19 pandemic.

The following table sets forth certain key operating metrics of our data-driven intelligence solutions for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
Data-driven intelligence solutions					
Number of customers	68	91	101	93	88
Average revenue per customer (RMB in thousands)	926.1	1,962.6	2,609.1	2,044.7	3,047.4
Number of viewing requests fulfilled for enterprise operation reports (in millions)	1.7	15.5	13.0	10.1	12.3
Number of enterprises included in the enterprise operation reports delivered (in thousands)	578.6	1,318.5	1,553.0	1,258.9	2,233.4
Value of financial product sales facilitated by us in connection with digital precision marketing services (RMB in billion)	4.0	14.7	29.6	20.5	35.6

The number of customers for our data-driven intelligence solutions decreased from 93 in the nine months ended September 30, 2022 to 88 in the nine months ended September 30, 2023, primarily because we had been adjusting the service delivery model for our enterprise operation reporting services and restructuring our service contracts. See "Business—Cloud Solutions—Data-driven Intelligence Solutions—Risk Intelligence Services—Enterprise Operation Reporting Services" for details on the service delivery model adjustment and its impact on our operations. The average revenue per customer for our data-driven intelligence solutions increased by 49.0% from RMB2.0 million in the nine months ended September 30, 2022 to RMB3.0 million in the nine months ended September 30, 2023, primarily due to the combined effect of our business growth and customer concentration caused by our service delivery model adjustment. The number of enterprises included in the enterprise operation reports delivered generally increased during the Track Record Period, primarily due to the increase in customer demand for our reports and our expanded access to enterprises with financing needs. The value of financial product sales facilitated by us in connection with digital precision marketing services significantly increased during the Track Record Period primarily due to our broadened access to potential financial product users as a result of our collaboration with marketing agents and the increase in SMB financing needs.

Our Financial Track Record

We experienced significant growth during the Track Record Period. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, our total revenue was RMB291.1 million, RMB453.8 million, RMB525.8 million, RMB377.3 million and RMB468.4 million, respectively. Our gross profit was RMB134.3 million, RMB216.2 million, RMB214.3 million, RMB156.2 million and RMB136.3 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. We recorded net loss of RMB388.8 million, RMB448.4 million, RMB156.2 million, RMB101.9 million and RMB213.5 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. We recorded adjusted net loss (non-IFRS measure) of RMB41.9 million, RMB16.7 million, RMB70.3 million, RMB61.3 million and RMB125.7 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. See "Financial Information—Consolidated Statements of Profit or Loss and Other Comprehensive Income—Non-IFRS Measure" for details.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors: (1) industry-leading provider of enterprise digitalization solutions through self-developed *Baiwang Cloud* platform; (2) comprehensive solution offerings empowering enterprises' transaction, compliance management and business decision-making; (3) extensive network of loyal, blue-chip customers from diversified industries; (4) robust R&D and technology innovation capabilities; and (5) experienced and visionary management team.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business: (1) continue to enrich solution functions and expand solution portfolio; (2) expand customer base in more industry verticals and improve monetization opportunities; (3) invest in core technologies and drive product innovation on *Baiwang Cloud* platform; and (4) cultivate business ecosystem through strategic cooperation, investment, mergers and acquisitions.

RISKS AND CHALLENGES

Our business and the [**REDACTED**] involve certain risks, which are set out in the section headed "Risk Factors" in this document. Our limited history in our solution offerings and evolving business portfolio make it difficult to evaluate our prospects and the risks and challenges we face, and our historical growth is not indicative of our future performance. The PRC regulatory framework for data security and personal information protection is rapidly evolving, and we could face challenges in our continued compliance with heightened regulatory scrutiny. Our business is subject to complex and evolving laws and regulations, many of which are relatively new and could result in changes to our business practices. We had net loss, net current liabilities and net cash used in operating activities during the Track Record

Period, and may continue to incur net loss, net current liabilities and net cash used in operating activities in the foreseeable future, which can expose us to liquidity risks. If we fail to improve and customize our solutions and services to suit our customers' evolving needs and adapt to changes in relevant tax and invoice laws, we may lose our customers, which, in turn, will have a material adverse effect on our business, financial condition and results of operations. Our success depends on the growth in market acceptance for our various solutions and services. If the industries in which we operate develop more slowly than we expect, or even stagnates or shrinks, it could have a material adverse effect on our business, financial condition and results of operations. As different [**REDACTED**] may have different interpretations and criteria when determining the significance of a risk, you should carefully read the "Risk Factors" section in its entirety before you decide to [**REDACTED**] in our H Shares.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary of our financial information for the Track Record Period, and should be read together with the consolidated financial statements in the Accountants' Report set out in Appendix I to this document, including the accompanying notes and the information set forth in "Financial Information." Our consolidated financial information was prepared in accordance with IFRSs.

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table set forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)						(unaudited)			
Revenue	291,115	100.0	453,763	100.0	525,765	100.0	377,253	100.0	468,442	100.0
Cost of sales	(156,807)	(53.9)	(237,600)	(52.4)	(311,475)	(59.2)	(221,026)	(58.6)	(332,121)	(70.9)
Gross profit	134,308	46.1	216,163	47.6	214,290	40.8	156,227	41.4	136,321	29.1
Operating loss	(113,075)	(38.8)	(198,148)	(43.7)	(112,350)	(21.4)	(85,875)	(22.8)	(311,351)	(66.5)
Loss before tax	(388,800)	(133.6)	(448,373)	(98.8)	(156,025)	(29.7)	(101,744)	(27.0)	(213,409)	(45.6)
Income tax expenses	—	—	—	—	(199)	(0.0)	(121)	(0.0)	(48)	(0.0)
Loss and total comprehensive expense for the year/period	(388,800)	(133.6)	(448,373)	(98.8)	(156,224)	(29.7)	(101,865)	(27.0)	(213,457)	(45.6)

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)						(unaudited)			
Loss and total comprehensive expense for the year/period attributable to										
– Owners of the Company	(388,800)	(133.6)	(446,938)	(98.5)	(153,501)	(29.2)	(99,690)	(26.4)	(212,270)	(45.3)
Non-IFRS measure										
Loss for the year/period	(388,800)	(133.6)	(448,373)	(98.8)	(156,224)	(29.7)	(101,865)	(27.0)	(213,457)	(45.6)
Add										
Share-based payment expenses	49,772	17.1	161,418	35.6	10,469	2.0	7,511	2.0	163,691	34.9
[**REDACTED**]	—	—	6,366	1.4	16,307	3.1	10,087	2.7	18,642	4.0
Fair value changes of financial liabilities at FVTPL - shares with preferential rights	297,114	102.1	263,850	58.1	59,153	11.2	23,005	6.1	(94,536)	(20.2)
Adjusted net loss (non-IFRS measure)[1]	(41,914)	(14.4)	(16,739)	(3.7)	(70,295)	(13.4)	(61,262)	(16.2)	(125,660)	(26.8)

(1) Adjusted net loss is a non-IFRS measure. We define "adjusted net loss" for the period adjusted by adding back share-based payment expenses, [**REDACTED**], and fair value changes of financial liabilities at fair value through profit or loss ("FVTPL") in relation to our shares with preferential rights. See "Financial Information—Consolidated Statements of Profit or Loss and Other Comprehensive Income—Non-IFRS Measure" for details.

We experienced rapid revenue growth during the Track Record Period, which was primarily driven by the growth of our data-driven intelligence solutions. From 2020 to 2022, our gross profit generally increased in line with our revenue and business growth. Our gross profit decreased from RMB156.2 million in the nine months ended September 30, 2022 to RMB136.3 million in the nine months ended September 30, 2023, primarily because the increase in our referral fees outpaced revenue growth of our digital precision marketing services and we incurred substantial staff costs and share-based payment expenses in the nine months ended September 30, 2023. Our referral fees increased substantially during the Track Record Period, primarily due to the expansion of the business scale of our digital precision marketing services. Our gross profit margin decreased from 47.6% in 2021 to 40.8% in 2022, primarily due to the decrease in gross profit margin for our digital precision marketing services, as the growth of referral fees in 2022 in connection with our marketing agents outpaced that of revenue in the same period. Our gross profit margin decreased from 41.4% in the nine months ended September 30, 2022 to 29.1% in the nine months ended September 30, 2023, primarily because the increase in our cost of sales outpaced our revenue growth, especially our staff costs and referral fees. We incurred accumulated net loss during the Track Record Period, primarily due to substantial cost and expenses incurred in growing our business, including (1) referral fees to strengthen our service capabilities for our digital precision marketing services, (2) staff costs to recruit and retain skilled personnel and (3) research and development expenses to enhance our R&D capability and improve solution functionality.

Our adjusted net loss (non-IFRS measure) decreased from RMB41.9 million in 2020 to RMB16.7 million in 2021, primarily due to the increase in our gross profit from RMB134.3 million in 2020 to RMB216.2 million in 2021 and the decrease in costs and expenses, (net of effect of share-based payment expenses and [**REDACTED**]), as a percentage of revenue, from 122.0% in 2020 to 106.6% in 2021. Our adjusted net loss (non-IFRS measure) then increased to RMB70.3 million in 2022, primarily due to the increase in our operating expenses (net of the effect of share-based payment expenses), especially our research and development expenses and administrative expenses. Our adjusted net loss (non-IFRS measure) increased from RMB61.3 million in the nine months ended September 30, 2022 to RMB125.7 million in the nine months ended September 30, 2023, primarily due to (1) the decrease in our gross profit from RMB156.2 million in the nine months ended September 30, 2022 to RMB136.3 million in the nine months ended September 30, 2023, as a result of the substantial increase in our referral fees and staff costs, and (2) the increase in our operating expenses (net of the effect of share-based payment expenses) as a result of the increase in our staff costs, driven by the increase in our employee headcount. See "Financial Information—Consolidated Statements of Profit or Loss and Other Comprehensive Income—Non-IFRS Measure" for details.

Revenue

The following table sets forth a breakdown of our revenue by business line, both in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(unaudited)			
Cloud solutions	187,145	64.3	335,212	73.9	421,515	80.2	308,238	81.7	397,333	84.8
Financial & tax digitalization solutions	124,173	42.7	156,615	34.5	157,996	30.1	118,078	31.3	129,158	27.6
Data-driven intelligence solutions	62,972	21.6	178,597	39.4	263,519	50.1	190,160	50.4	268,175	57.2
— *Digital precision marketing services*	28,109	9.6	94,603	20.9	170,229	32.4	122,360	32.4	179,049	38.2
— *Risk intelligence services*	34,863	12.0	83,994	18.5	93,290	17.7	67,800	18.0	89,126	19.0
On-premises financial & tax digitalization solutions	96,861	33.3	110,168	24.3	93,491	17.8	60,280	16.0	68,910	14.7
Others[(1)]	7,109	2.4	8,383	1.8	10,759	2.0	8,735	2.3	2,199	0.5
Total	291,115	100.0	453,763	100.0	525,765	100.0	377,253	100.0	468,442	100.0

(1) Includes primarily advertisement publishing services.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	Gross profit	Gross Profit Margin (%)	Gross profit	Gross Profit Margin (%)	Gross profit	Gross Profit Margin (%)	Gross profit	Gross Profit Margin (%)	Gross profit	Gross Profit Margin (%)
	(RMB in thousands except for percentages)									
							(unaudited)			
Cloud solutions	96,630	51.6	173,121	51.6	175,614	41.7	127,662	41.4	128,331	32.3
Financial & tax digitalization solutions	73,148	58.9	82,301	52.5	87,251	55.2	63,725	54.0	53,634	41.5
Data-driven intelligence solutions	23,482	37.3	90,820	50.9	88,363	33.5	63,937	33.6	74,697	27.9
— *Digital precision marketing services*	3,136	11.2	29,073	30.7	14,377	8.4	11,564	9.5	12,632	7.1
— *Risk intelligence services*	20,346	58.4	61,747	73.5	73,986	79.3	52,373	77.2	62,065	69.6
On-premises financial & tax digitalization solutions	31,238	32.3	35,738	32.4	30,593	32.7	21,631	35.9	7,891	11.5
Others	6,440	90.6	7,304	87.1	8,083	75.1	6,934	79.4	99	4.5
Total	134,308	46.1	216,163	47.6	214,290	40.8	156,227	41.4	136,321	29.1

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Total non-current assets	191,559	303,052	322,308	209,905
Total current assets	671,697	1,022,807	938,409	902,508
Total current liabilities	303,487	512,078	2,483,842	2,393,499
Total non-current liabilities	1,360,516	1,901,483	10,332	2,137
Net current assets/(liabilities)	368,210	510,729	(1,545,433)	(1,490,991)
Net liabilities	(800,747)	(1,087,702)	(1,233,457)	(1,283,223)

We had net current assets of RMB368.2 million and RMB510.7 million as of December 31, 2020 and 2021, respectively. We had net current liabilities of RMB1,545.4 million and RMB1,491.0 million as of December 31, 2022 and September 30, 2023, respectively. Our net current assets position as of December 31, 2020 and 2021 was primarily attributable to our cash and cash equivalents, financial assets at FVTPL, trade and other receivables, and short-term bank deposits with maturity over three months, partially offset by financial liabilities at FVTPL, contract liabilities and trade and other payables. Our net current liabilities position as of December 31, 2022 and September 30, 2023 was primarily due to the reclassification of financial liabilities at FVTPL in connection with our shares with preferential rights from non-current to current liabilities. Our net current assets increased from RMB368.2 million as of December 31, 2020 to RMB510.7 million as of December 31, 2021, primarily due to an increase of RMB231.9 million in cash and cash equivalents, as a result of the receipt of proceeds from investors, partially offset by an increase of RMB216.7 million in financial liabilities at FVTPL in connection with our shares with preferential rights. We recorded net current liabilities of RMB1,545.4 million as of December 31, 2022, as compared to net current assets of RMB510.7 million as of December 31, 2021, primarily due to the reclassification of financial liabilities at FVTPL in connection with our shares with preferential rights from non-current to current liabilities. Our net current liabilities decreased to RMB1,491.0 million as of September 30, 2023, primarily due to the decrease in our financial liabilities at FVTPL in connection with our shares with preferential rights. Our net liabilities generally increased during the Track Record Period, primarily due to our net losses during the Track Record Period and the increase in our financial liabilities at FVTPL in connection with our shares with preferential rights. We do not expect to record any fair value changes in such instruments following the completion of the [**REDACTED**]. See Note 33 to the Accountants' Report in Appendix I to this document for details.

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Net cash used in operating activities	(80,069)	(13,989)	(64,276)	(132,199)	(128,413)
Net cash (used in)/from investing activities	(209,046)	(189,776)	(189,804)	(197,441)	121,433
Net cash from/(used in) financing activities	94,183	435,669	(13,720)	(11,974)	(18,866)
Net (decrease)/increase in cash and cash equivalents	(194,932)	231,904	(267,800)	(341,614)	(25,846)
Cash and cash equivalents at the beginning of the year/period	468,034	273,102	505,006	505,006	237,206
Cash and cash equivalents at the end of the year/period	273,102	505,006	237,206	163,392	211,360

We incurred net operating cash outflow during the Track Record Period. Our net cash used in operating activities decreased from RMB80.1 million in 2020 to RMB14.0 million in 2021, primarily because our adjusted net loss (non-IFRS measure) decreased from 2020 to 2021, and the movement in working capital negatively affected our cash position in 2020, but positively affected our cash position in 2021. Our net cash used in operating activities then increased to RMB64.3 million in 2022, primarily because our adjusted net loss (non-IFRS measure) increased from 2021 to 2022, which was partially offset by the movement in working capital, which positively affected our cash position in 2022. Our net cash used in operating activities decreased from RMB132.2 million in the nine months ended September 30, 2022 to RMB128.4 million in the nine months ended September 30, 2023, primarily due to the movement in working capital that positively affected our cash position in the nine months ended September 30, 2023.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated.

	As of/for the year ended December 31,			As of/for the nine months ended September 30,	
	2020	2021	2022	2022	2023
				(unaudited)	
Profitability ratios					
Gross profit margin	46.1%	47.6%	40.8%	41.4%	29.1%
Net loss margin	133.6%	98.8%	29.7%	27.0%	45.6%
Liquidity ratios					
Current ratio	2.2	2.0	0.4	N/A	0.4

See "Financial Information—Key Financial Ratios" for details.

SUSTAINABILITY OF OUR BUSINESS

Our Historical Financial Performance and Paths Forward

Since our inception, we have achieved improvement in our results of operations and asset position. Our revenue increased from RMB291.1 million in 2020 to RMB453.8 million in 2021 and further to RMB525.8 million in 2022, and increased from RMB377.3 million in the nine months ended September 30, 2022 to RMB468.4 million in the nine months ended September 30, 2023. Our total assets was RMB863.3 million, RMB1,325.9 million, RMB1,260.7 million and RMB1,112.4 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. However, we incurred net loss of RMB388.8 million, RMB448.4 million, RMB156.2 million, RMB101.9 million and RMB213.5 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023. During the Track Record Period, we incurred substantial cost and expenses to increase the market acceptance of our solutions and grow our business, including (1) referral fees to strengthen our service capabilities for our digital precision marketing services, (2) staff costs, including share-based payment expenses, to recruit and retain skilled personnel and (3) research and development expenses to enhance our R&D capability and improve solution functionality.

Specifically, our net loss increased significantly from RMB101.9 million in the nine months ended September 30, 2022 to RMB213.5 million in the nine months ended September 30, 2023, primarily because we incurred significant share-based payment expenses to incentivize our employees, which increased significantly from RMB7.5 million to RMB163.7 million in respective periods, and referral fees to grow our digital precision marketing services, which increased significantly from RMB109.3 million to RMB165.1 million in respective periods. The decrease in our gross profit and deterioration of gross profit margin also contributed to our widened loss in the nine months ended September 30, 2023. Our gross profit margin decreased significantly to 29.1% for the nine months ended September 30, 2023, compared to 41.4% for the nine months ended September 30, 2022 and 40.8% for the year ended December 31, 2022, primarily due to the combined effect of (1) the significant increase in staff costs in the nine months ended September 30, 2023, as a result of the increase in our employee headcount; (2) the increase in revenue contribution of digital precision marketing services, which had a lower profit margin than other cloud solutions; and (3) the margin erosion of digital precision marketing services, primarily due to the increase in sales of credit facility product facilitated by us, which typically had a lower profit margin.

To pave the way for long-term success in the fast-growing market, we have been focusing on driving our revenue growth, expanding our business scale by adapting our business and solutions based on regulatory updates applicable to the industries in which we operate, growing our customer base and improving our operational efficiency, rather than seeking short-term financial return or profitability. We believe we can scale up our business from the solid foundation we have built in the past. For example, we have been able to expand our customer base and increase their spending on our solutions. Going forward, we aim to achieve profitability by (1) driving continuous revenue growth, (2) leveraging market opportunities and favorable government policies to grow our business scale, (3) retaining existing KA customers and expanding our customer base, (4) optimizing operations and increasing economies of scale and cost-efficiency, and (5) improving operating cash flow position. For details, see "Business—Sustainability of our Business."

Driving Continuous Revenue Growth

In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we derived revenue from our cloud financial & tax digitalization solutions of RMB124.2 million, RMB156.6 million, RMB158.0 million, RMB118.1 million and RMB129.2 million, respectively, accounting for 42.7%, 34.5%, 30.1%, 31.3% and 27.6% of our total revenue in the same periods, respectively. On the other hand, we generated revenue from our data-driven intelligence solutions of RMB63.0 million, RMB178.6 million, RMB263.5 million, RMB190.2 million and RMB268.2 million, respectively, accounting for 21.6%, 39.4%, 50.1%, 50.4% and 57.2% of our total revenue in the same periods, respectively. As we generate revenue primarily from our financial & tax digitalization solutions and data-driven intelligence solutions, the sustainable growth of our revenue primarily depends upon our ability to explore more up-selling and cross-selling opportunities and develop and upgrade our core solutions and services.

Leveraging Market Opportunities and Favorable Government Policies to Grow our Business Scale

As China's financial and tax-related transaction digitalization market and transaction-based big data analytics for SMB financing market continue to develop, huge market opportunities continue to emerge across a multitude of industries. See "Industry Overview—China's Enterprise Digitalization Market—Overview of China's Financial and Tax-related Transaction Digitalization Market" and "—China's Big Data Analytics for SMB Financing Market—Transaction-based Big Data Analytics for SMB Financing Market" for details. Favorable government policies have driven and are expected to continue to drive the development and growth of both markets. For instance, the B2V tax reform had promoted the rapid adoption of e-invoices, creating demands of centralized invoice management from corporate conglomerates. The digital invoice pilot program and its nationwide implementation facilitates the reduction of transaction costs and brings about the transformation of intelligent financial and tax management and application of transaction-based big data. We have closely followed these regulatory trends and curated our growth strategies, which had brought us substantial revenue growth. We believe we are well-positioned to seize the market potential and improve our profitability. See "Business—Overview—Our Market Opportunities."

Retaining Existing KA Customers and Expanding Customer Base

We believe that retaining existing KA customers, increasing customer subscriptions, and expanding our customer base are crucial to monetizing our business, increasing revenues, and achieving profitability. Going forward, we plan to retain existing KA customers and expand customer base by improving our solution quality and functionality, build and scale up our sales network to establish a nationwide customer network, and leverage our extensive industry experience to cover leading players in more industry verticals and further enhance our presence in existing industry verticals.

Meanwhile, leveraging our business collaborator network and our industry experience as a service provider for tax authorities, we expect to seize the market opportunities brought about by the digital invoice reform and increase our market share by developing standardized solutions to cost-efficiently acquire new customers.

Optimizing Operations and Increasing Economies of Scale and Cost-Efficiency

Our ability to manage and control costs and operating expenses is critical to the success of our business and our profitability. Our cost structure is affected by the mix of our solution offerings. For example, we primarily incur staff cost, cloud service fees and hardware costs for our cloud financial & tax digitalization solutions. For our data-driven intelligence solutions, we also incur referral fees paid to our marketing agents for digital precision marketing services, on top of staff cost and cloud service fees. We expect our cost of sales as a percentage of revenue may vary from period to period in the short term, as a result of the mix of our solution offerings, and will generally decrease in the long term as we have invested heavily in developing technology capabilities and infrastructure that are easily scalable, and continued to provide professional training to our staff to improve their service quality and efficiency. We plan to gradually reduce our reliance on marketing agents through more cost-effective customer acquisition efforts. We also plan to improve our operational efficiency by improving our sales and marketing efficiency and benefiting from economies of scale in terms of managing our research and development expenses and administration related expenses.

Improving Operating Cash Flow Position

In the future, we expect to improve our net operating cash outflows position by taking advantage of (1) our continuous revenue growth fueled by our growing customer base and expanding product and service offerings, (2) our improved operating leverage as we expect our revenue growth to exceed the increase in expenses gradually, and (3) our improved working capital. To improve and refine our management of working capital, we will continue to leverage our brand awareness and service experience to negotiate more attractive contractual terms with our customers and suppliers. In the future, we plan to develop relationships with more customers of sound credit profile to collect our trade receivables in a more efficient manner and have implemented relevant measures, such as using the cash collection performance of trade receivables as one of the key performance indicators for our sales managers. In addition, we expect to fund our operations from [**REDACTED**] from this [**REDACTED**] and additional equity or debt financings. We do not foresee difficulties in securing debt financing to support our operations when necessary, because we currently do not have short-term or long-term loans, and have a relatively low gearing ratio.

Based on the foregoing, our Directors are of the view that our business is sustainable despite the current loss-making position.

The foregoing forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. See "Risk Factors—Risks Relating to Our Business and Industry—We had net loss, net current liabilities and net cash used in operating activities during the Track Record Period, and may continue to incur net loss, net current liabilities and net cash used in operating activities in the foreseeable future, which can expose us to liquidity risks," and "Risk Factors—Risks Relating to the [**REDACTED**]—Forward-looking statements contained in this document are subject to risks and uncertainties."

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Ms. Chen controlled 43.22% of the voting power at the general meetings of our Company, comprising (1) 27.10% beneficially owned by her directly, (2) 9.23% beneficially owned by Ningbo Xiu'an, which is controlled by Ms. Chen as its general partner, and (3) 6.89% beneficially owned by Tianjin Duoying, which is controlled by Ms. Chen as its general partner. Upon the [**REDACTED**], Ms. Chen will control [**REDACTED**]% of the voting power at the general meetings of our Company, comprising (i) [**REDACTED**]% beneficially owned by her directly, (ii) [**REDACTED**]% beneficially owned by Ningbo Xiu'an, and (iii) [**REDACTED**]% beneficially owned by Tianjin Duoying, assuming the [**REDACTED**] is not exercised. Therefore, Ms. Chen, Ningbo Xiu'an and Tianjin Duoying were our Controlling Shareholders as of the Latest Practicable Date and will continue to be our Controlling Shareholders upon the [**REDACTED**]. See "Relationship with Our Controlling Shareholders" for details.

CONNECTED TRANSACTIONS

We have entered into transactions with entities that will, upon the [**REDACTED**], become the connected persons of our Company. Certain transactions with such entities will continue after [**REDACTED**] and constitute our continuing connected transactions subject to reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. See "Connected Transactions" for details.

[REDACTED] INVESTMENTS

To fund our rapid business expansion and broaden our Shareholder base, our Company historically underwent several rounds of financing. Our [**REDACTED**] Investors include, among others, a number of reputable and influential institutional or corporate investors, such as Alibaba, Fosun, SCGC Group and Oriental Fortune (each as defined in the section headed "History and Corporate Structure" in this document). See "History and Corporate Structure—[**REDACTED**] Investments" for details.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the [**REDACTED**] of the Stock Exchange for the grant of the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares to be issued pursuant to the [**REDACTED**] (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]) and the H Shares to be [**REDACTED**] from Domestic Shares, on the basis that, among other things, we satisfy the [**REDACTED**] under Rule 8.05(3) of the Listing Rules.

[**REDACTED**]

We expect to incur a total of approximately [**REDACTED**] million ([**REDACTED**] million) of [**REDACTED**] in connection with the [**REDACTED**], representing approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] (assuming an [**REDACTED**] of [**REDACTED**], being the mid-point of the [**REDACTED**] between [**REDACTED**] and [**REDACTED**], and assuming that the [**REDACTED**] is not exercised), including (1) sponsor fees and [**REDACTED**], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [**REDACTED**] of approximately [**REDACTED**] million ([**REDACTED**] million), and (2) [**REDACTED**] of approximately [**REDACTED**] million ([**REDACTED**] million), which consist of (i) fees and expenses of legal advisors and accountants of approximately [**REDACTED**] million ([**REDACTED**] million), and (ii) other fees and expenses of approximately [**REDACTED**] million ([**REDACTED**] million). Approximately [**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss, and approximately [**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.

[**REDACTED**] STATISTICS

All statistics in this table are based on the assumption that (1) the [**REDACTED**] has been completed and [**REDACTED**] are issued pursuant to the [**REDACTED**]; and (2) the [**REDACTED**] is not exercised.

	Based on an [REDACTED] of [REDACTED] per [REDACTED]	**Based on an [REDACTED] of [REDACTED] per [REDACTED]**
[**REDACTED**] of our Shares(1)	[**REDACTED**]	[**REDACTED**]
[**REDACTED**] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company per Share(2)	[**REDACTED**]	[**REDACTED**]

(1) The calculation of [**REDACTED**] is based on [**REDACTED**] total issued Shares immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(2) The [**REDACTED**] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company per Share as of September 30, 2023 is calculated after making the adjustments referred to in Appendix II and on the basis of [**REDACTED**] total issued Shares immediately upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

FUTURE PLANS AND [REDACTED]

We estimate the [**REDACTED**] of the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of [**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range stated in this document), will be approximately [**REDACTED**] million, after deduction of [**REDACTED**] and other estimated expenses in connection with the [**REDACTED**], assuming the [**REDACTED**] is not exercised. We intend to use the [**REDACTED**] of the [**REDACTED**] for the following purposes: (1) approximately [**REDACTED**] or [**REDACTED**] million to further upgrade and enhance the functions and features of our solutions and further expand our solution portfolio; (2) approximately [**REDACTED**] or [**REDACTED**] million to enhance R&D capabilities; (3) approximately [**REDACTED**] or [**REDACTED**] million to develop our marketing and branding initiatives; (4) approximately [**REDACTED**] or [**REDACTED**] million to selectively pursue strategic investment and acquisition opportunities to expand our existing product and service offerings, improve our technology capabilities and enhance our value propositions to our customers; and (5) approximately [**REDACTED**] or [**REDACTED**] million for working capital and general corporate purposes.

See "Future Plans and [**REDACTED**]" for further information relating to our future plans and [**REDACTED**] from the [**REDACTED**], including the adjustment on the allocation of the [**REDACTED**] in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the midpoint of the estimated [**REDACTED**].

DIVIDEND

According to the PRC Company Law, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous year's accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reached 50% of its registered capital. We may pay dividends out of aftertax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisor, we cannot pay dividends if we are in an accumulated loss position. We did not make any dividend distribution during the Track Record Period. Pursuant to our Articles of Association, an annual profit distribution proposal shall be proposed by the Board based on our profitability, capital supply and needs, which, subject to the approval by the Board, will be submitted to the Shareholders' general meeting for consideration. We may distribute profits by cash, Shares or a combination of cash and Shares. PRC laws require that dividends be paid only out of net profits calculated according to PRC GAAP, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including the IFRSs. PRC laws also require foreign invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be determined by our Shareholders.

RECENT DEVELOPMENTS

Regulation on Overseas [REDACTED]

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "Overseas Listing Trial Measures") and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas [**REDACTED**] of PRC domestic companies' securities and regulate both direct and indirect overseas [**REDACTED**] of PRC domestic companies' securities.

Pursuant to the Overseas Listing Trial Measures, where a PRC domestic company submits an application for [**REDACTED**] to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted. As advised by our PRC Legal Advisor, we are required to go through the filing procedures with the CSRC under the Overseas Listing Trial Measures. We submitted the required filing documents to the CSRC on July 3, 2023, and the CSRC issued a notification on our completion of the PRC filing procedures for the [**REDACTED**] of our Shares on the Stock Exchange and the [**REDACTED**] on January 2, 2024.

Regulation on Cybersecurity Review and Data Security

On December 28, 2021, the CAC and other 12 government authorities jointly issued the Measures for Cybersecurity Review (網絡安全審查辦法) (the "Cybersecurity Review Measures"), which took effect on February 15, 2022. According to the Cybersecurity Review Measures, (1) if a critical information infrastructure operator ("CIIO") purchases network products and services or an online platform operator conducts data processing, either of which affects or may affect national security, a cybersecurity review shall be carried out according to the Cybersecurity Review Measures; (2) an issuer who is an internet platform operator holding personal information of more than one million shall file for a cybersecurity review with respect to its proposed foreign [**REDACTED**]; and (3) the relevant PRC governmental authorities may initiate cybersecurity review if such governmental authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security. On November 14, 2021, the CAC issued the Administrative Regulations of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (the "Draft Cyber Data Security Regulations"), which provides that a data processor contemplating to get [**REDACTED**] in Hong Kong which affects or may affect national security is required to apply for a cybersecurity review pursuant to relevant rules and regulations.

As of the Latest Practicable Date, we had not received any request from the relevant authorities to conduct cybersecurity review as a CIIO and had never been notified that we were identified as a CIIO. As of the Latest Practicable Date, we had not been involved in any investigation on cybersecurity review made by the CAC, and we had not received any inquiry, notice, warning, or sanctions in connect with such respect. However, the scope of CIIO and the scope of network products or services or data processing activities that affect or may affect national security remain unclear and are subject to interpretation by relevant government authorities. See "Risk Factors—Risks Relating to Our Business and Industry—The PRC regulatory framework for data security and personal information protection is rapidly evolving, and we could face challenges in our continued compliance with heightened regulatory scrutiny" for details.

On August 20, 2021, the Standing Committee of the National People's Congress promulgated the Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法), effective from November 1, 2021 ("PIPL"). Pursuant to the PIPL, a personal information processor is allowed to process (including to collect, store, use, transmit, provide, disclose and delete) personal information only under certain circumstances, such as processing with consent from such individual, or for the necessity of performance of a contract to which such individual is a contracting party or statutory duties, management of human resource under the labor rules and regulations developed in accordance with the law or a collective contract signed in accordance with the law, protection of public interest, or reasonable usage of legally disclosed information. Processing of sensitive personal information, such as the personal information that is likely to result in damage to personal dignity, personal or property safety once illegally disclosed, as well as the personal information of minors under the age of 14, is subject to higher regulatory requirements including specific purpose, sufficient necessity, duty of explanation to such individuals and consent from a parent or a guardian of such minors. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any penalty, investigation by cybersecurity departments, litigation or dispute related to data security and personal information protection which, individually or in aggregate, have had or are reasonably likely to have a material adverse effect on us, our financial performance and results of operations. As advised by our PRC Legal Advisor, we had complied with the currently effective PRC laws and regulations on data security, personal information protection and cybersecurity in material respects related to our business operations as of the Latest Practicable Date.

Our Directors and our PRC Legal Advisor are of the view that the Draft Cyber Data Security Regulations, if implemented in its current form, will not have material adverse effects on our business operations or the proposed [**REDACTED**], and that they do not foresee any material impediments for us to comply with the Draft Cyber Data Security Regulations, if implemented in its current form, in all material respects, on the basis that (1) as disclosed in "Business—Data Privacy and Security," we have implemented a comprehensive set of internal policies, procedures, and measures to ensure our cybersecurity and data protection compliance practice; (2) during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties, mandatory rectifications, warning, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection; (3) we have established a working group that is responsible for formulating data and information security strategies and monitoring the legislative and regulatory development and requirement with respect to cybersecurtiy, data security and personal information protection, and we undertake to comply with the Draft Cyber Data Security Regulations (if implemented in its current forms) in all material respects.

No Material Adverse Change

Subsequent to the Track Record Period and up to the date of this document, our business operations remained stable in all material respects. Although we expect to continue to incur adjusted net loss and net operating cash outflow in 2023, primarily due to the increases in our distribution and selling expenses to enhance our sales efforts and research and development expenses to improve our solution offerings, we experienced substantial business growth in the nine months ended September 30, 2023, and our revenue increased from RMB377.3 million in the nine months ended September 30, 2022 to RMB468.4 million in the nine months ended September 30, 2023. For the three months ended December 31, 2023, the number of invoices issued with our cloud financial & tax digitalization solutions was 669.6 million, as compared to 650.0 million in the three months ended December 31, 2022. The number of viewing requests fulfilled for enterprise operation reports was 5.1 million for the three months ended December 31, 2023, as compared to 2.9 million in the three months ended December, 2022. The number of enterprises included in the enterprise operation reports delivered was 1.8 million in the three months ended December 31, 2023, as compared to 0.9 million in the three months ended December 31, 2022. Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial, operational, or trading position or prospects since September 30, 2023, which is the end date of the periods reported on in the Accountants' Report included in Appendix I to this document, and there has been no event since September 30, 2023 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which shall become effective on the [**REDACTED**], a summary of which is set out in Appendix III to this document
"Audit Committee"	audit committee of the Board
"Board" or "Board of Directors"	the Board of Directors of our Company
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public
"CAC"	the Cyberspace Administration of the PRC (中華人民共和國國家互聯網信息辦公室)
"CAGR"	compound annual growth rate

[**REDACTED**]

DEFINITIONS

[**REDACTED**]

"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this document only, Hong Kong, Macau and Taiwan
"CIIO"	critical information infrastructure operator
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Baiwang Co., Ltd. (百望股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability on May 4, 2015
"Company Law" or "PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法) as amended, supplemented or otherwise modified from time to time, which was last amended on October 26, 2018 to take effective on the same date
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Ms. Chen, Ningbo Xiu'an and Tianjin Duoying

[**REDACTED**]

"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic Shares"	ordinary Shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are [**REDACTED**] Shares not currently [**REDACTED**] on any stock exchange
"EIT Law"	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"F&S Report"	an industry report commissioned by us and independently prepared by Frost & Sullivan
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant of our Company
"GAAP"	Generally Accepted Accounting Principles

[**REDACTED**]

"Group," "our Group," "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"H Share(s)"	[**REDACTED**] foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be [**REDACTED**] for and traded in HK dollars and are to be [**REDACTED**] on the Stock Exchange

[**REDACTED**]

"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"IFRSs"	International Financial Reporting Standards, amendments, and interpretations, as issued from time to time by the International Accounting Standard Board
"independent third party(ies)"	person(s) or company(ies) , who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected person(s) of our Company within the meaning ascribed thereto under the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	January 31, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Ms. Chen"	Ms. Chen Jie (陳杰), our founder, Controlling Shareholder, executive Director and chairlady of our Board
"Nasdaq"	the National Association of Securities Dealers Automated Quotations
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Ningbo Xiu'an"	Ningbo Xiu'an Enterprise Management Partnership (Limited Partnership) (寧波修安企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on August 2, 2017 and controlled by Ms. Chen (as the general partner who controls and manages Ningbo Xiu'an). Ningbo Xiu'an is a share incentive platform and one of our Controlling Shareholders. See "History and Corporate Structure—Share Incentive Platforms—Ningbo Xiu'an" for further details
"Nomination Committee"	the nomination committee of our Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles of the PRC
"PRC Legal Advisor"	Tian Yuan Law Firm, being the legal advisor as to the PRC laws
"[**REDACTED**] Investor(s)"	the investor(s) from whom our Company obtained several rounds of investments, details of which are set out in the section headed "History and Corporate Structure—[**REDACTED**] Investments" in this document

[**REDACTED**]

"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"Reporting Accountants"	Deloitte Touche Tohmatsu
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SAT"	the State Administration of Taxation of the PRC (中國國家税務總局)
"SCNPC"	the Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
"Securities Law" or "PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time

"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
"Shareholders(s)"	holder(s) of the Share(s)
"Sole Sponsor"	Haitong International Capital Limited

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Supervisor(s)"	member(s) of our Board of Supervisors
"Taobao"	Taobao China and Zhejiang Taobao
"Taobao China"	Taobao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司), an associate of Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡科技有限公司), our substantial Shareholder
"Tianjin Duoying"	Tianjin Duoying Technology Center (Limited Partnership) (天津多盈科技中心(有限合夥)), a limited partnership established under the laws of the PRC on July 27, 2017 and controlled by Ms. Chen (as the general partner who controls and manages Tianjin Duoying). Tianjin Duoying is a share incentive platform and one of our Controlling Shareholders. See "History and Corporate Structure—Share Incentive Platforms—Tianjin Duoying" for further details

"Track Record Period"	the three years ended December 31, 2022 and the nine months ended September 30, 2023

[**REDACTED**]

"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US$," "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States

[**REDACTED**]

"Zhejiang Taobao"	Zhejiang Taobao Network Co., Ltd. (浙江淘寶網絡有限公司), an associate of Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡科技有限公司), our substantial Shareholder
"%"	percent

In this document, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction," "subsidiaries" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY

This glossary contains certain technical terms used in this document in connection with our Company and our business. Such terms and their meanings may not correspond to standard industry definitions or usage.

"AI"	artificial intelligence
"big data"	large and diverse data sets used to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information assets under new processing model for greater decision-making power, insight and processing optimization capabilities
"B2V tax reform"	a tax reform implemented by the PRC government and commenced in pilot cities in 2012 and fully implemented in 2016 that reclassifies certain taxable income from business tax to value-added tax
"cloud solutions"	cloud computing or cloud services, which deliver IT resources on demand over the internet
"dollar-based retention rate"	the quotient from dividing the relevant revenue generated from customers for a particular solution in a given period, by the relevant revenue generated from the same group of customers in the preceding period
"e-invoice(s)"	electronic invoice(s), referring to the receipt and payment vouchers issued and received in data messages during the purchase and sale of commodities, provision or acceptance of services and other business activities. Electronic invoices are available in layout document format and non-layout document format, which can be downloaded and stored in electronic storage devices and circulated in the form of digital messages
"financial service provider(s)"	an institution or company that offers a range of services, including banking, lending, investment, insurance, and financial planning, to individuals, businesses and organizations to help them manage and optimize their financial resources, such as commercial banks, micro-lending companies and fintech companies

"Golden Tax Project (金稅工程)"	the information management system project based on computer network that adopts advanced technology, that effectuates interconnection of tax authorities and information sharing of related departments, and covers all tax types and tax management processes
"information security hardware"	equipment utilizing information security technology, used primarily for issuing, collecting and filing of transaction documents, and recording and filing taxes
"invoice"	proof of receipt and payment issued and collected for purchase and sale of commodities, provision or acceptance of services, and other business activities
"input VAT"	the value-added tax paid or borne by a taxpayer typically for purchasing goods, receiving services, and acquiring intangible assets
"IT"	information technology
"KA customer(s)"	customer(s) of our financial & tax digitalization solutions with actual revenue contribution of RMB100,000 or more in each year/period constituting the Track Record Period
"licensed credit reporting agency"	institutions with legally required licenses and approvals that are mainly engaged in the business of collecting, collating, storing and processing credit information of enterprises and individuals and providing such information for information users
"machine learning"	the study of computer algorithms that improves automatically through experience
"mid-market customer(s)"	customer(s) of our financial & tax digitalization solutions with actual revenue contribution of less than RMB100,000 in each year/period constituting the Track Record Period
"non-paying user(s)"	user(s) of our complimentary applications that provide basic functions of e-invoice generation, printing, search and delivery

"OFD"	open fixed-layout document, the preferred permitted format for the storage, exchange and filing electronic documents, electronic licenses and electronic archives according to the Measures for Accounting File Management (會計檔案管理辦法)
"on-premises"	if a software is on-premises, it is installed and runs on computers on the premises of the person or organization using the software, rather than at a remote facility such as a server farm or cloud
"output VAT"	the value-added tax paid or borne by taxpayers based on sales amounts
"SaaS"	software as a service, which is a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
"SMB financing"	the provision of financing to small and micro-sized businesses by licensed financial service providers including commercial banks, factoring and leasing companies, and micro-lending companies, among others
"tax identification number(s)"	unique and permanent digital code identifier(s) assigned by tax authorities to taxpayers, including enterprises and individuals
"transaction documents"	documents that reflect business transactions, including among others, invoices, receipts, bills, and other accounting records
"VAT" or "value-added tax"	a turnover tax levied on the basis of the value-added amount of goods (including taxable services) generated in the circulation process of such goods
"VAT e-invoice(s)"	tax invoices electronically designed and issued under the supervision of the SAT, which are important accounting vouchers evidencing taxpayers' input VAT and output VAT liabilities. VAT e-invoices use digital signature instead of the invoice special seal, which has the same legal effect as the VAT paper invoices
"VAT invoice(s)"	the critical accounting voucher(s) issued for VAT payment purposes, including primarily ordinary VAT invoices, special VAT invoices, and uniform motor vehicle sales invoices

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this document. Forward-looking statements can be identified by words such as "may," "will," "should," "would," "could," "believe," "expect," "anticipate," "intend," "plan," "continue," "seek," "estimate," or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our projections, business strategy and development activities as well as other capital spending, financing sources, the effects of regulation, expectations concerning future operations, margins, profitability and competition. The foregoing is not an exclusive list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against placing undue reliance on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our business prospects;
- our business strategies and plans to achieve these strategies;
- future developments, trends and conditions in and competitive environment for the industries and markets in which we operate;
- general economic, political and business conditions in locations where we operate;
- our financial condition and performance;
- our capital expenditure plans;
- our dividend policy;

- changes to the regulatory environment, policies, operating conditions of and general outlook in the industries and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- the extent and nature of, and potential for, future development of our business;
- the actions of and developments affecting our competitors;
- the actions of and developments affecting our major customers and suppliers; and
- certain statements in the sections headed "Risk Factors," "Industry Overview," "Regulatory Overview," "Business," "Financial Information," "Relationship with our Controlling Shareholders" and "Future Plans and [**REDACTED**]" with respect to trends in interest rates, foreign exchange rates, prices, volumes, operations, margins, risk management and overall market trends.

Any forward-looking statement made by us in this document speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

Potential [**REDACTED**] *should read and consider carefully all the information set out in this document, and, in particular, should evaluate the following risks and uncertainties before deciding to make any* [**REDACTED**] *in our H Shares. You should pay particular attention to the fact that we conduct our operations in China, the legal and regulatory environment of which in some respects may differ from that of Hong Kong. Any of the risks and uncertainties listed below could have a material adverse effect on our business, results of operations, financial condition or on the* [**REDACTED**] *of our H Shares, and could cause you to lose all or part of your* [**REDACTED**]. *Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business and results of operations.*

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorized into (1) risks relating to our business and industry, (2) risks relating to conducting business in China, and (3) risks relating to the [**REDACTED**].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our limited history in our solution offerings and evolving business portfolio make it difficult to evaluate our prospects and the risks and challenges we face, and our historical growth is not indicative of our future performance.

Since our inception in 2015, we have continued to expand our business and adjust our solution and service offerings. We launched our financial & tax digitalization solutions for enterprise customers across industries in 2015, and have since continually introduced new solution iterations, and expanded our solution offerings and service scope. Leveraging our data insights, we have expanded our business by offering data-driven intelligence solutions since 2018. Our business initiatives, in particular with respect to our data-driven intelligence solutions, may not have been fully proven or accepted by customers.

Our relatively limited operating history and evolving business make it difficult to evaluate our prospects and the risks and challenges we face. These risks and challenges include our ability to:

- attract new customers and retain existing ones;
- effectively leverage cross- or up-selling opportunities;
- comply with existing and new laws and regulations applicable to our business;
- accurately forecast our revenues and expenses;

- successfully develop new platform features, offerings and services to enhance the customer experience;
- optimize our solution offering and mix;
- plan for and manage capital expenditures for our current and future solution and service offerings;
- improve our operational efficiency;
- effectively manage our growth;
- increase our market share in existing industries and expand into new ones;
- hire and retain talented employees;
- ensure compliance in an evolving and complex regulatory environment; and
- anticipate and adapt to evolving market conditions, including technological developments and changes in the competitive landscape.

If we fail to address any or all of these risks and challenges, our business, financial condition and results of operations may be materially and adversely affected.

We experienced significant growth during the Track Record Period. Our revenue was RMB291.1 million, RMB453.8 million, RMB525.8 million, RMB377.3 million and RMB468.4 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively, and our gross profit was RMB134.3 million, RMB216.2 million, RMB214.3 million, RMB156.2 million and RMB136.3 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. However, you should not consider our historical growth as indicative of our future financial performance. As a result of our limited history in our solution offerings and evolving business portfolio, it is difficult to draw a period-over-period comparison on our business, financial condition and results of operations as a whole. Our results of operations are also affected by our solution offering and mix, as the profit margin of certain data-driven intelligence solutions is affected by changes in various market factors, some of which are beyond our control, such as the demands for SMB financing and the risk appetite of financial service providers. Furthermore, as our business continues to develop, we may modify our business model or adjust our business portfolio. We may launch new solutions or discontinue existing ones for commercial, strategic or compliance purposes. Any of such modifications or changes may have a material adverse effect on our business, financial condition and results of operations.

The PRC regulatory framework for data security and personal information protection is rapidly evolving, and we could face challenges in our continued compliance with heightened regulatory scrutiny.

The PRC regulatory framework for data security and personal information protection is rapidly evolving and is likely to remain uncertain for the foreseeable future. We could be adversely affected if legislation or regulations in China require changes in business practices or privacy policies, or if the relevant governmental authorities in China interpret or implement their legislation or regulations in ways that negatively affect our business, financial condition and results of operations. For example, on November 7, 2016, the SCNPC promulgated Cybersecurity Law of the PRC (中華人民共和國網絡安全法), which took effect on June 1, 2017, and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. On June 10, 2021, the SCNPC promulgated Data Security Law of the PRC (中華人民共和國數據安全法), which took effect on September 1, 2021. Data Security Law of the PRC requires, among other things, data collection to be conducted in a legitimate and proper manner and stipulates that, for the purpose of data security, data processing activities must be conducted based on data classification and hierarchical protection system. Furthermore, along with the promulgation of the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (關於依法從嚴打擊證券違法活動的意見) (the "July 6 Opinion"), [**REDACTED**] China-based companies are experiencing a heightened scrutiny over their compliance with laws and regulations regarding data security, cross-border data flow and management of confidential information from PRC regulatory authorities.

On August 20, 2021, the SCNPC passed Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法) (the "PIPL"), which took effect on November 1, 2021. The PIPL accentuates the importance of processors' obligations and responsibilities for personal information protection and sets out the basic rules for processing personal information and the rules for cross-border transfer of personal information. Pursuant to the PIPL, a personal information processor is allowed to process (including to collect, store, use, transmit, provide, disclose and delete) personal information only under certain circumstances, such as processing with consent from such individual, or for the necessity of performance of a contract to which such individual is a contracting party or statutory duties, management of human resource under the labor rules and regulations developed in accordance with the law or a collective contract signed in accordance with the law, protection of public interest, or reasonable usage of legally disclosed information. Processing of sensitive personal information, such as the personal information that is likely to result in damage to personal dignity, personal or property safety once illegally disclosed, as well as the personal information of minors under the age of 14, is subject to higher regulatory requirements including specific purpose, sufficient necessity, duty of explanation to such individuals and consent from a parent or a guardian of such minors. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any penalty, investigation by cybersecurity departments, litigation or dispute related to data security and personal information protection which, individually or in aggregate, have had or are reasonably likely to have a material adverse effect on us, our financial performance and results of operations. As advised by our PRC Legal Advisor, we had complied with the currently effective PRC laws and regulations on data security, personal information protection and cybersecurity in material respects related to our business operations as of the Latest Practicable Date.

On November 14, 2021, the CAC issued the Administrative Regulations of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (the "Draft Cyber Data Security Regulations"), which provides that a data processor contemplating to get [**REDACTED**] in Hong Kong which affects or may affect national security is required to apply for a cybersecurity review pursuant to relevant rules and regulations. There currently have been no clarifications from the authorities as to the standards for determining such activities that "affects or may affect national security" and there is no timetable as to when it will be enacted. As such, substantial uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation, including the standards for determining whether a [**REDACTED**] in Hong Kong "affects or may affect national security." As of the Latest Practicable Date, the Draft Cyber Data Security Regulations were released for public comment only and the final version and effective date may be subject to change and uncertainty.

On December 28, 2021, the CAC and other 12 government authorities jointly issued the Measures for Cybersecurity Review (網絡安全審查辦法) (the "Cybersecurity Review Measures"), which took effect on February 15, 2022. According to the Cybersecurity Review Measures, (1) if a CIIO purchases network products and services or an online platform operator conducts data processing, either of which affects or may affect national security, a cybersecurity review shall be carried out according to the Cybersecurity Review Measures; (2) an issuer who is an internet platform operator holding personal information of more than one million shall file for a cybersecurity review with respect to its proposed foreign [**REDACTED**]; and (3) the relevant PRC governmental authorities may initiate cybersecurity review if such governmental authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security. However, there has been no further explanation or interpretation for "foreign [**REDACTED**]" or "affect or may affect national security" under the Cybersecurity Review Measures.

Based on our PRC Legal Advisor's consultations with China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心) (the "CCRC") on behalf of us on June 10, 2022 and June 16, 2023 (the "Consultations"), (1) a [**REDACTED**] in Hong Kong does not fall within the definition of "foreign [**REDACTED**]," and therefore a company does not need to file a cybersecurity review for its proposed [**REDACTED**] in Hong Kong under Article 7 of the Cybersecurity Review Measures; and (2) the competent government authority will generally contact and inform the company that has been classified as a CIIO, and if a company had not been contacted by the competent authority, the company is not classified as a CIIO, and therefore does not need to file an application for cybersecurity review under Article 5 of the Cybersecurity Review Measures. The CCRC is a competent authority on this consultation, as it is entrusted with acceptance and review of application materials by the Cybersecurity Review Office under the CAC and to set up a hotline for consultation regarding the cybersecurity review, according to the official announcement by the CAC. During the consultation with the CCRC, our PRC Legal Advisor discussed our proposed [**REDACTED**] in Hong Kong with the CCRC, and CCRC did not raise any objection at the time of consultation. Based on the Consultations and the facts that (1) we were not recognized as a CIIO by any competent authority; and (2) we were not informed by any governmental authority that we were subject to cybersecurity review, our PRC Legal Advisor is of the view that, pursuant to currently effective laws and regulations, we are not required to file an application for cybersecurity review for the [**REDACTED**] under the Cybersecurity Review Measures as of the Latest Practicable Date.

On July 7, 2022, the CAC promulgated the Security Assessment Measures for Outbound Data Transfer (the "Security Assessment Measures") (數據出境安全評估辦法), effective from September 1, 2022. The Security Assessment Measures require that any data processor which processes or exports personal information exceeding certain volume threshold under such measures shall apply for security assessment by the CAC before transferring any personal information outbound. The security assessment requirement also applies to any transfer of important data outside of China. As of the Latest Practicable Date, we had not been involved in any cross-border data transfer during our daily operations. We do not expect the Security Assessment Measures to have material impact on our daily operations. However, since the Security Assessment Measures is newly promulgated, there are uncertainties as to its interpretation and application. We cannot assure you that relevant regulatory authority will take the same view as ours. In the event if the regulatory authority deems certain of our activities as a cross-border data transfer, we will be subject to the relevant requirements.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data or personal information leakage or loss, infringement of data or personal information, or information security incident, nor had we been subject to or involved in any investigations on cybersecurity, data and personal information protection by relevant competent regulatory authorities, or had received any official inquiry, examination, warning, interview, or similar notice in such respect.

The interpretation and application of these cybersecurity laws, regulations and standards are still uncertain and evolving, especially the Draft Cyber Data Security Regulations. We cannot assure you that relevant governmental authorities will not interpret or implement the laws or regulations in ways that negatively affect us. Regulatory investigations, restrictions, penalties and sanctions, whether targeted at us or not, may negatively affect the industries we operate, existing or potential customers and our solutions and services, which may in turn have a material adverse effect on our business, financial condition and results of operations. It is also possible that we may become subject to additional or new laws and regulations regarding data privacy and protection in connection with the data we have access to and the data-based solutions and services we provide to customers. Complying with additional or new regulatory requirements could cause us to incur substantial costs or require us to change our business operations.

Our business is subject to complex and evolving laws and regulations, many of which are relatively new and could result in changes to our business practices.

We are subject to various laws and regulations that involve matters vital to our business, including among others, invoices, tax, telecommunications, data security and privacy. See "Regulatory Overview" for details. The introduction of new services or other actions that we may take to expand or diversify our businesses may subject us to additional laws, regulations or other government scrutiny. These laws and regulations are constantly evolving and can be subject to significant changes. As a result, the application, interpretation and enforcement of these laws and regulations are often uncertain, particularly in the rapidly evolving industries in which we operate, and may be interpreted and applied inconsistently. These laws and regulations, as well as any associated inquiries or investigations or any other governmental actions, may be costly to comply with and may result in negative publicity, increase our cost of operations, require significant management time and attention, and subject us to liabilities that may harm our business, including fines or demands or orders that we modify or cease existing business practices.

Furthermore, the PRC government has adopted several regulations governing credit reporting businesses. On September 27, 2021, the PBOC issued the Administrative Measures for Credit Reporting Business (徵信業務管理辦法), announced on September 17, 2021 and effective on January 1, 2022 (the "2021 Administrative Measures"). See "Regulatory Overview—Regulations on Credit Reporting Business" for details. Institutions that have not completed record-filing of enterprise credit reporting agencies but have engaged in credit reporting business before the promulgation of the 2021 Administrative Measures shall rectify within 18 months from the effective date of the 2021 Administrative Measures (the "Compliance Period"). Moreover, financial service providers shall not enter into commercial cooperation with entities which have not completed record-filing for enterprise credit reporting business to access credit reporting services.

During the Track Record Period, our enterprise operation reporting services were delivered primarily to financial service providers, including, among others, commercial banks, fintech companies and licensed credit reporting agencies. In response to the promulgation of the 2021 Administrative Measures, we have adjusted the service delivery model for the provision of our enterprise operation reports services to financial service providers. See "Business—Cloud Solutions—Data-driven Intelligence Solutions—Risk Intelligence Services—Enterprise Operation Reporting Services" for details. We billed our customers under the service contracts entered prior to the effectiveness of the 2021 Administrative Measures (the "Legacy Contracts") under the pre-adjustment service delivery model for a total amount of RMB63.8 million from January 1, 2022 to June 30, 2023. Our PRC Legal Advisor is of the opinion that (1) the adjusted service delivery model of our enterprise operation reporting services complies with the currently effective laws and regulations regarding credit reporting business; (2) our performance of the Legacy Contracts under the pre-adjustment service delivery model within the Compliance Period does not violate the 2021 Administrative Measures or other related laws and regulations, and such Legacy Contracts are legal and valid; and (3) even if our provision of enterprise operation reporting services during the Track Record Period pursuant to the pre-adjustment service delivery model may be deemed to constitute operation of enterprise credit reporting business as a result of the effectiveness of the 2021 Administrative Measures, the possibility that any administrative penalties may be imposed on us for our past provision of enterprise operation reporting services without completing the record-filing procedure is remote.

We had net loss, net current liabilities and net cash used in operating activities during the Track Record Period, and may continue to incur net loss, net current liabilities and net cash used in operating activities in the foreseeable future, which can expose us to liquidity risks.

In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we incurred net loss of RMB388.8 million, RMB448.4 million, RMB156.2 million, RMB101.9 million and RMB213.5 million, respectively, primarily due to significant referral fees paid to marketing agents in connection with our digital precision marketing services and staff costs to support our expanding operations. We recorded net current liabilities of RMB1,545.4 million and RMB1,491.0 million as of December 31, 2022 and September 30, 2023, primarily because we recorded financial liabilities at FVTPL of RMB2,151.9 million and RMB2,057.4 million as of the same date in connection with the fair value changes relating to shares with preferential rights issued in our equity financings. Our net cash used in operating activities was RMB80.1 million, RMB14.0 million, RMB64.3 million and RMB128.4 million in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively, primarily due to our net loss positions during the same periods. See "Financial Information—Consolidated Statements of Profit or Loss and Other Comprehensive Income" and "—Liquidity and Capital Resources—Cash Flows."

We may continue to record net loss and net cash used in operating activities as we expand, and we cannot assure you that we will not incur net current liabilities in the future. If we record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. A net current liabilities position can expose us to the risk of shortfalls in liquidity, in which case our ability to raise funds, obtain bank loans and declare and pay dividends will be materially and adversely affected. Our profitability and liquidity position are dependent on, among other factors, our ability to grow our customer base, expand and diversify our solution and service offerings, in particular with respect to our data-driven intelligence solutions, implement effective pricing strategies, and increase operational efficiency. If we are unable to generate adequate revenue to offset the associated cost and expenses or effectively manage our cost and expenses structure, we may continue to incur significant loss and may not be able to achieve or subsequently maintain profitability and improve liquidity position.

We may not be able to maintain or renew all the permits, licenses, certificates and other regulatory filings required for our business.

We are subject to extensive government regulations for all material respects of our operations in China. As advised by our PRC Legal Advisor, we had obtained all licenses and permits and made all necessary filings that are essential to the operation of our business in all material respects as of the Latest Practicable Date, many of which were generally subject to regular government review or renewal. Any failure by us to obtain the necessary permits, licenses and certificates, or to renew or otherwise maintain all the licenses, permits and certificates required for our business at any time could disrupt our business operations and have a material adverse effect on our business, financial condition and results of operations.

Moreover, the interpretation or implementation of existing laws and regulations applicable to our business are subject to changes from time to time, and the implementation of new laws and regulations is subject to uncertainties. We may be required to obtain additional or different licenses, permits or certificates for our business operations. We cannot assure you that we will be successful in obtaining such licenses, permits or certificates in a timely manner or at all, and we may be subject to various administrative penalties, including the imposition of fines and the suspension of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

If we fail to improve and customize our solutions and services to suit our customers' evolving needs and adapt to changes in relevant tax and invoice laws, we may lose our customers, which, in turn, will have a material adverse effect on our business, financial condition and results of operations.

The industries in which we operate and compete are characterized by constant changes and innovation, and we expect the market to continue evolving rapidly. To date, our success has been based on our ability to identify and anticipate the needs of our customers and design solutions and services that provide our customers with the tools they require to develop their businesses and comply with applicable tax and invoice laws and regulations. To achieve the sustainable growth of our business, we must continually dedicate our efforts to attracting new customers, retaining existing customers, and increasing their incremental spending on our solutions and services. In order to retain customers, we are required to thoroughly understand their evolving needs, launch new solutions and services, and improve existing ones in a timely manner. We also need to adapt to changes in relevant tax and invoice laws and regulations to ensure effective compliance management functions.

We cannot assure you that our existing and future solutions or services will sustain the current level of popularity. For example, our financial & tax digitalization solutions feature compliance functions, and if our solutions did not properly address the non-compliance issues in our customers' e-invoice, financial and taxation matters, our customers may experience business interruptions and, as a result, may lose confidence in our service offerings. For our digital precision marketing services, if we are unable to respond to changes in preferences of financial service providers and provide solutions that address their risk management requirements, they may switch to competing solution providers, and the demands for our data-driven intelligence solutions may decline. Moreover, we may not be able to effectively market potential financial product users with suitable financial products due to various reasons. If potential financial product users are recommended with financial products but cannot ultimately obtain approval for the products they desire, they may choose alternative options and the demands for our solutions may decline as a result. Both the financial product users and financial service providers may associate their dissatisfaction with our solutions, where the transaction was initiated. Potential financial product users may consequently be reluctant to continue to use our solutions and financial service providers may be unwilling to continue to transact with us. Any of the aforementioned events may materially and adversely affect our business, financial condition and results of operations.

In addition, our customers may also demand features and capabilities that our current solutions and services do not have, or that our current platform cannot support, and we may need to invest significant resources in R&D to build these features and capabilities. Developing new technologies and solutions may be costly and time-consuming, which in turn could delay or prevent the development, introduction or implementation of new solutions and services. In addition, when we expand into new industry verticals, our existing solutions and services may not effectively address the business demand of customers operating in such new verticals. If we fail to correctly identify our customers' demands or continuously provide them with solutions and services that add value to their businesses, our customers may be reluctant to increase their spending on our services, or may cease to use our solutions and services and turn to our competitors.

On the other hand, our efforts to improve and expand our solutions and services may not succeed, and may reduce our revenue growth rate. For example, the introduction of significant technology changes and introduction of new solutions and services may not be successful, and early-stage interest in and adoption of such new solutions and services may not result in long-term success or significant revenue for us.

In addition, because our solutions and services are designed to utilize various network technologies and operate across a variety of mobile devices, operating systems, and computer hardware and software platforms, we will need to continuously modify and enhance our services to keep pace with changes in internet-related hardware, software, communication, application software development platform and database technologies. We may not be successful in such efforts or in bringing them to market in a timely manner. Furthermore, uncertainties regarding the timing and nature of new network platforms or technologies, or modifications to existing ones, could increase our research and development or other operational expenses. Any failure of our solutions and services to operate effectively with future network platforms and technologies could reduce the demand for our solutions and services, result in customer dissatisfaction, and adversely affect our business, financial condition and results of operations.

Our success depends on the growth in market acceptance for our various solutions and services. If the industries in which we operate develop more slowly than we expect, or even stagnates or shrinks, it could have a material adverse effect on our business, financial condition and results of operations.

We believe that the markets for financial and tax-related transaction digitalization and transaction-based big data analytics for SMB financing are still in a relatively early stage of development in China. There is considerable uncertainty over the size and rate at which such industries will grow, as well as whether our solutions and services will be widely accepted. Some target customers may be reluctant or unwilling to use our solutions and services for a number of reasons, including concerns about costs, uncertainty regarding the efficacy, reliability and security of our offerings, or lack of awareness of the benefits of our solutions and services. Our ability to expand sales depends on several factors, including market awareness and acceptance, competition, technological challenges and developments, and other market factors, many of which are beyond our control. We cannot assure you that the trend of adopting and utilizing our solutions and services will continue to grow in the future.

Market expansion for financial and tax-related transaction digitalization and transaction-based big data analytics for SMB financing in China depends on a number of factors, including government policies and the performance and perceived value associated with our various solutions and services. Specifically, if the relevant government authorities curtail favorable government policies for enterprise digitalization solution providers, the industry in which we operate and our business may be materially and adversely affected. If the industries in which we operate, or demand for our solutions and services do not grow or decrease due to, among others, deteriorating economic conditions, decreases in corporate spending, technical challenges, data security or privacy concerns, government regulations, competing technologies and solutions or services, our business, financial condition and results of operations would be materially and adversely affected.

Our business depends, in part, on our ability to attract new customers and retain existing customers. A decline in our customer retention and spending could materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, we generated revenue primarily from our financial & tax digitalization solutions and our data-driven intelligence solutions. Customer retention upon the expiry of subscription terms and our ability to attract new customers are vital for us to improve our results of operations. Our customers are not obligated to renew their subscriptions upon expiration, and we cannot assure you that customers will renew subscriptions, or purchase new solutions or services. The loss of business from customers, in particular KA customers, could harm our business, financial condition and results of operations. In addition, our business growth depends on our ability to expand our relationships with our existing customers by providing additional solutions and services to serve their evolving needs. This may require more sophisticated and costly sales efforts.

Historical data with respect to rates of customer retention may not accurately predict their future trends, and may fluctuate or decline because of several factors, including customers' satisfaction with our solutions and services, the prices of our solutions and services, the quality and prices of similar solutions and services offered by our competitors, or reductions in customer spending due to the macroeconomic environment or other factors beyond our control. If a large number of our customers do not renew their subscriptions for our solutions and services, or renew them on less favorable terms, or otherwise do not increase their spending on our solutions and services, our revenue may decline or grow more slowly than expected, and our ability to achieve and maintain profitability will be harmed.

Moreover, we must expand our customer base to increase our revenue. See "Business—Growth Strategies—Expand customer base in more industry verticals and improve monetization opportunities." If our growth strategy turns out to be less effective than as expected in the future, we may not be able to achieve profitability. As our industry matures, or as competitors introduce lower-cost and/or differentiated products or services, our ability to attract new customers and retain existing ones could be impaired, and as a result, our business, financial condition and results of operations may be materially and adversely affected.

If we are not able to continue to broaden data access in the future, or if our data are out of date, inaccurate or become unreliable, and our solutions may become less effective.

The provision of our data-driven intelligence solutions requires access to massive data, and we previously obtained e-invoice and transaction data of enterprises primarily from the provision of our financial & tax digitalization solutions. However, we may not be able to maintain and continually expand our data access for our development of data-driven intelligence solutions and services. In addition, interruptions, failures or defects in our data access and processing systems, as well as privacy concerns could also limit our ability to analyze data. Furthermore, our accessibility to data may be restricted by new laws and regulations. Because we derived a substantial portion of our revenue from data-driven intelligence solutions during the Track Record Period, if any of the above events occurs, the growth of our business, financial condition and results of operations may be materially and adversely affected.

Moreover, if the data we utilized for our data-driven intelligence solutions were inaccurate, incomplete or otherwise misleading as to the actual financial condition of enterprises, such low quality and inaccurate data could materially affect the accuracy and validity of our data solutions, which could adversely affect our reputation, business operations and financial performance.

We face competition from existing or new market players in the industries in which we operate, and we may not compete effectively.

The markets of financial and tax-related transaction digitalization and transaction-based big data analytics for SMB financing in China are competitive and characterized by rapid changes in technology, shifting customer preferences, and frequent introductions of new solutions and services. China's financial and tax-related transaction digitalization market is relatively fragmented, with top five players accounting for 21.3% of total market share in terms of revenue in 2022, and more than 150 market players competing in such market in 2022, according to the F&S Report. Top five players in China's market for transaction-based big data analytics for SMB financing accounted for 24.8% of total market share in terms of revenue in 2022, with a total of more than 150 players competing in such market, according to the same source. As such, we face competition in various aspects of our business, and we expect such competition to continue growing in the future, both from current competitors and new market entrants that may be more well-established and enjoy greater resources or other strategic advantages. If we are unable to anticipate or react to these competitive challenges, our competitive position could weaken, or fail to improve, and we could experience growth stagnation or even a decline in revenue, which could materially and adversely affect our business, financial condition and results of operations.

Our competitors may have larger customer bases, stronger brand recognition, more extensive commercial relationships in China, and greater financial, technical, marketing, R&D, and other resources than we do. As a result, such competitors may be able to develop solutions and services better received by customers, or may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulations or market demands. In addition, some of our competitors may be able to leverage a larger existing customer base and sales network to adopt more aggressive pricing policies and offer more attractive sales terms. Any of the aforementioned events could cause us to lose potential sales or compel us to sell our solutions and services at lower prices to remain competitive, which may have a material adverse effect on our financial condition and results of operations. Furthermore, our current and potential competitors may enter into business partnerships or alliances among themselves or with third parties that may further enhance their resources and offerings. Established companies from other market segments may also expand into our market segment. See "Business—Competition" for factors that affect our ability to compete effectively. If we are unable to compete successfully against our current or potential competitors, our business, financial condition and results of operations could be materially and negatively affected.

We rely on certain suppliers for our solution offerings, and if we are unable to maintain business relationship with them, our business, financial condition and results of operations may be materially and adversely affected.

Our suppliers primarily include, marketing agents, hardware and software providers, outsourcing service providers, business collaborators and data providers. Purchase from our top five suppliers accounted for 38.6%, 27.5%, 41.4% and 38.4% of our total purchases in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively, and purchase from our largest supplier accounted for 13.3%, 8.5%, 21.9% and 13.9% of our total purchases in the same periods, respectively. In particular, for our digital precision marketing services, we engage marketing agents to identify potential financial product users and to promote financial products launched by financial service providers, and we rely on certain major marketing agents for their referrals. Any interruptions or changes in our cooperation with major suppliers, or our inability to obtain alternative suppliers meeting our quality standards at acceptable prices in a timely manner, may impair our ability to meet the demands of our customers.

We cannot assure you that our suppliers will continue their business relationship with us on commercially reasonable terms or at all. Nor can we assure you that we will be able to secure a stable supply of products and services required to conduct our business at all times going forward. In the event that our major suppliers terminate their business relationships with us, or fail to provide us with adequate supply to meet our needs, we may not be able to find suitable alternative suppliers within a short period of time. Therefore, if we cannot retain business relationships with our existing suppliers, or if these suppliers increase prices, delay in delivery, provide unqualified products or services, or encounter financial, operating or other difficulties, our business, financial condition and results of operations could be materially and adversely affected.

If we fail to derive the desired benefits from our R&D efforts in an efficient and timely manner, we may not be able to effectively compete with our competitors.

Strong product development capability is the cornerstone of our competitiveness and long-term growth. However, rapid changes and intense competition in our industry require us to invest significant resources in the technology and product development, and there can be no assurance that we will continue to be successful in responding to these technological changes. New products or technologies may render our existing products or technologies less competitive. Furthermore, we formulate our R&D plan based on our prediction on technological development, production and market trends. We cannot assure you that we are able to accurately predict and assess actual changes and trends in the markets of financial and tax-related transaction digitalization and transaction-based big data analytics for SMB financing in China. Our R&D efforts may not lead to results and desired benefits as expected by us.

If we fail to derive the desired benefits from our R&D efforts, or respond to technological changes and evolving industry standards in an efficient and timely manner, we may not be able to continue to effectively serve our customers' demands, and our business, financial condition and results of operations may be materially and adversely affected.

If we fail to effectively maintain, promote and enhance our brand, or if we incur negative publicity, our business and competitive advantage may be harmed.

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing customers and users and to our ability to attract new customers. As our growth depends, in part, on positive recommendations and referrals from our current and past customers, our failure to maintain and provide high-quality solutions and services, or a market perception or negative publicity that we do not maintain or provide high-quality solutions and services, may harm our reputation and impair our ability to secure new customers. Any decisions we make regarding regulatory compliance, user privacy and other issues, and any media, legislative or regulatory scrutiny of our business, or our current or former directors, employees, contractors or vendors, could negatively affect our brand image. Any factor that diminishes our reputation or that of our management, including failing to meet the expectations of our customers, or any non-compliance of our customers with respect to their e-invoice, financial and tax matters, could make it substantially more difficult for us to attract new customers. In addition, unaffiliated businesses operating in our industries may have trademark and trade names similar to ours. Some of our business collaborators operate under a trade name similar to ours. Any negative publicity regarding such businesses may be unfairly attributed to us, which may negatively affect the perception of us by our customers and the public, and adversely affect our business, financial condition and results of operations. If we do not successfully maintain and enhance our reputation and brand recognition among our customers, our business may not grow and we could lose existing customers, which would harm our business, financial condition and results of operations.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful solutions and services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We intend to increase our efforts and investment in sales and marketing and brand promotion activities. We cannot assure you, however, that such spending will lead to increased customers or increased revenue, and even if so, such increases in revenue will be sufficient to offset expenses we incur in building and maintaining our reputation and brand recognition.

Our business is subject to system and data security risks, and our security measures may be inadequate to address these risks, making our systems susceptible to compromise, which could materially adversely affect our business, financial condition and results of operations.

Nowadays, cyberattacks, distributed denial of service attacks, hacking and phishing attacks, security breaches, computer malware, and other malicious internet-based activity continue to increase, and cloud solution providers have been and are expected to be targeted. Our business is at risk of similar attacks and breaches. While we have adopted and implemented security protocol, network protection mechanisms, applicable recovery system or other defense procedures, we cannot assure you that these measures are, or will be, adequate to prevent any of such attacks or breaches and protect us from any network or service interruptions, system failures or data losses. We may not be able to anticipate or prevent all techniques that could be used to obtain unauthorized access or to compromise our systems because such techniques change frequently and are generally not detected until after an incident has occurred. Additionally, we cannot be certain that we will be able to address any vulnerabilities in our software that we may become aware of in the future. Attacks or security breaches could delay or interrupt our services to our customers, damage our reputation and brand, expose us to risks of potential litigation and liabilities, and require us to expend significant capital and other resources to alleviate problems caused by such attacks or security breaches. During the Track Record Period and up to the Latest Practicable Date, we had not experienced hacker attacks, technical errors, and breaches that resulted in service interruptions, system failures or data losses.

In addition, our customers store and transmit substantial amounts of data and information, including confidential information relating to themselves and relevant stakeholders, on cloud computing platforms when using our solutions. We cannot assure you that third parties will not succeed in their attempts to obtain unauthorized access to any confidential information relating to our customers. If any security incident, human error or other malfeasance occurs in the future causing unauthorized access to our system, loss of, or unauthorized disclosure of such information, we may be subject to regulatory enforcement actions, litigation, indemnification obligations, and other potential liabilities, as well as negative publicity, which could materially and adversely affect our reputation, business, financial condition and results of operations.

Furthermore, security incidents experienced by us, or by others, such as our competitors or customers, may lead to public disclosures and widespread negative publicity for us, our customers, or the transaction digitalization market generally and customers may lose confidence in the security of our cloud solutions as a whole. Although we have instituted technical security measures and implemented relevant internal control procedures, to the extent we do not effectively address these risks, our business, financial condition and results of operations could be materially and adversely affected.

We may not implement our growth strategies or manage our growth effectively.

Our future success depends, to a large extent, on our ability to implement our future plans. We intend to, among other things, enrich our solution functions and portfolio, expand customer base, enhance technological capabilities, and build our business ecosystem. See "Business—Growth Strategies" and "Future Plans and [**REDACTED**]" for details.

However, our ability to grow and implement our future plans will be subject to a wide range of operational and financial requirements, including, among others, appropriate allocation of capital investments in implementing various plans and adequate human resources. Continuous expansion may increase the complexity of our business, and we may encounter various difficulties. We may fail to develop and improve our operational, financial and management controls, enhance our financial reporting systems and procedures, recruit, train and retain highly skilled personnel, retain business relationships with major customers and suppliers, or maintain customer satisfaction. We may also fail to realize our future plans in accordance with the expected timetable, or at all, due to other risks and uncertainties beyond our control, such as intensifying competition, the general market conditions, and the domestic and international economic and political environment. Our failure to implement our growth strategies or manage our growth effectively may hinder our ability to capture new business opportunities and maintain our competitive edge, and therefore, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to effectively develop and expand our sales and marketing capabilities, we may not increase our customer and user base and achieve broader market acceptance and utilization of our solutions and services.

Our ability to increase our customer and user base and achieve broader market acceptance of our solutions and services will depend to a significant extent on our ability to enhance our sales and marketing capabilities and to deploy our sales and marketing resources efficiently. An important component of our growth strategy is to increase the cross- and up-selling of our solutions and services to current and future customers. However, if our sales force is not successful in effecting such strategy, or our existing and potential customers and users find our additional solutions and services to be unnecessary or unattractive, we may not be able to expand our customer base. We have invested, and plan to continue to invest, significant resources in expanding our direct sales force and business collaborator network. However, we may not achieve anticipated revenue growth from expanding our sales and marketing force if we are unable to hire, develop, integrate, and retain talented and effective sales personnel, if our new and existing sales personnel are unable to achieve desired productivity levels in a reasonable period of time, or if we cannot cost-effectively expand our business collaborator network that helps us extend our customer outreach.

We may not be able to continue to successfully expand our solution and service offerings. Failure to launch commercially viable solutions or services, to keep pace with technological developments or to do so in a timely manner may have a material adverse effect on our business, financial condition and results of operations.

We plan to continue to expand and diversify our solution and service offerings to sustain our growth and meet customer demands. Expanding into new product categories requires substantial capital investment for R&D resources in new technologies, product designs and compliance features. In particular, developing new and technologically advanced products is a time-consuming and expensive process, which requires innovation, skilled R&D personnel as well as accurate estimation of technological and market trends and, for our compliance solutions, accurate interpretation and application of relevant laws, regulations and rules. We may not be able to develop the core technologies necessary to develop new solutions or services, license these technologies from third parties, or remain competitive in our R&D capabilities. Therefore, we cannot assure you that we will be able to successfully develop new solutions or services with desired functionality and technological advances, if at all, or on a timely basis. Even if we are able to develop and introduce new solutions or services to the market, they may fail to meet customer demands and gain market acceptance. Hence, if we fail to successfully develop or market our new solutions or services, our business, financial condition and results of operations may be materially and adversely affected.

Our ability to provide high-quality customer services will affect our brand, business, financial condition and results of operations.

We believe our focus on customer success and support is critical to attracting new customers, retaining existing customers, driving their spending on our solutions, and growing our business. While we have designed our solutions and services to be easy-to-use, our customers depend on our customer service teams to provide customer care and support services. If we do not provide effective ongoing support, our ability to sell additional solutions and services to existing customers could be adversely affected, and our reputation with prospective customers or the industry could be damaged. If we experience increased customer demand for support, we may face increased costs that may harm our results of operations. The increasing number of our customers has placed, and may continue to place, additional pressure on our customer service team. We cannot assure you that we will be able to maintain and improve customer satisfaction over time. If we are unable to provide efficient support services or if we need to hire additional support resources, potentially through third parties, our business, financial condition and results of operations could be adversely affected. Additionally, our ability to acquire new customers and users is highly dependent on our business reputation and on positive recommendations from existing customers. Any failure to maintain high-quality support, or a market perception that we do not maintain high-quality support, for our customers could materially and adversely affect our business, financial condition and results of operations.

Unsatisfactory performance of or defects in our solutions may harm our reputation, subject us to significant product liability litigations and have a material adverse effect on our business, financial condition and results of operations.

Our users and customers expect a consistent level of quality in the provision of our solutions. However, complex technological solutions such as ours often contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our solutions may contain serious errors or defects, security vulnerabilities or software issues which we are unable to successfully correct in a timely manner or at all, which could result in revenue loss, significant expenditures of capital, a delay or loss in market acceptance and damage to our reputation and brand, any of which could materially and adversely affect our reputation, business, financial condition and results of operations.

Additionally, our cloud financial & tax digitalization solutions are delivered on cloud applications which allow us to deploy new versions and enhancements to all of our customers simultaneously. To the extent that we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software issues concurrently to all of our customers, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of customers.

Given that many of our customers and users use our solutions in processes that are critical to their businesses, any error, defect, security vulnerability, service interruption or software issue related to our solutions could result in losses to them, which may subject us to claims for damages. Our customers and users may seek significant compensation from us for any losses they suffer or cease doing business with us. Furthermore, our customers and users may share information about their negative experiences on social media, which could damage our reputation and negatively impact our ability to attract potential customers. We cannot assure you that provisions limiting our exposure to claims, which we typically include in agreements with our customers, would be enforceable, adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if unsuccessful, a claim brought against us by any of our customers would likely be time-consuming, costly to defend and may have a material adverse effect on our reputation and brand, making it more difficult for us to increase our sales and grow our business.

If we are unable to develop and maintain relationships with our business collaborators and marketing agents, our business, financial condition and results of operations could be materially and adversely affected.

During the Track Record Period, we worked with our business collaborators to market our cloud financial & tax digitalization solutions to enterprise customers that our direct sales force does not cover, and we engaged marketing agents to identify potential users for the financial products sold by financial service providers as a part of our digital precision marketing services. See "Business—Sales and Marketing—Sales Model."

We believe it is important to identify, develop and maintain stable relationships with our business collaborators and marketing agents to drive our revenue growth. However, we cannot assure you that our existing or prospective business collaborators and marketing agents will strictly comply with the terms of our agreements with them. They may terminate our business cooperation with limited or no notice. If we fail to identify additional business collaborators and marketing agents in line with our business growth in a timely and cost-effective manner, or at all, or are unable to provide meaningful assistance for our current and future business collaborators and marketing agents, our business, financial condition and results of operations may be materially and adversely affected. Moreover, if our business collaborators and marketing agents do not effectively market, price and sell our products, or fail to meet the needs of our customers, our reputation among prospective and existing customers and ability to grow our business may also be adversely affected. Moreover, if we are unable to promptly collect customer or user feedback from business collaborators and marketing agents, we may fail to obtain insights into our business performance to make informed business decisions.

While we have comprehensive measures in place to ensure that our business collaborators and marketing agents market, sell and implement our solutions and services in a consistent manner as our direct sales force does, there can be no assurance such measures will always be effective or be complied with. If our business collaborators and marketing agents do not effectively market and sell our solutions and services, or fail to meet the needs of customers, we may lose existing and prospective customers of new solutions and services. Additionally, any fraud or other misconduct by our business collaborators and marketing agents or any material disputes between them and our customers or the potential financial product users may damage our reputation and adversely affect our business.

Unsatisfactory performance by or unavailability of outsourced service providers may adversely affect our profitability, financial performance and reputation.

During the Track Record Period, we outsourced a portion of our operations and technology projects to third-party service providers. Outsourcing exposes us to certain risks such as delayed and substandard performance by outsourced service providers, and potential shortage of qualified and experienced outsourced service providers. There is no assurance that we are able to supervise the performance of our outsourced service providers as effectively and efficiently as with our own employees. Furthermore, we may be unable to hire suitable outsourced service providers that fully satisfy our business needs. If the work of our outsourced service providers is delayed or substandard, we may incur additional costs and time to supervise their work, and we may be liable for their misconduct and subject to claims by our customers. Accordingly, our profitability, financial performance and reputation will be materially and adversely affected.

We may be held liable for information or content displayed on, retrieved from or linked to our platform, which may materially and adversely affect our business and results of operations.

The PRC government has adopted regulations governing internet access and distribution of information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China, contains terrorism, extremism, content of force or brutality, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements may result in the revocation of licenses to provide internet content and other licenses, the closure of the concerned websites and criminal liabilities. In particular, the MIIT has published regulations that subject website operators to potential liability for content displayed on their websites and the actions of users and others using their systems. According to the Administrative Provisions on Mobile Internet Applications Information Services (移動互聯網應用程序信息服務管理規定) which was promulgated by the CAC and became effective on August 1, 2016 and amended on June 14, 2022, providers of mobile apps shall ensure information content compliance and network security.

During the Track Record Period, we provided advertisement publishing services, and advertising agencies could place advertisements on our websites and WeChat official account. We are required to adopt and implement management systems of information security and establish and improve procedures on content examination and administration. We have implemented internal control procedures screening the information and content on our websites and WeChat official account to ensure their compliance with these provisions. However, there can be no assurance that all the information or content displayed on, retrieved from or linked to our websites and WeChat official account complies with the requirements of the provisions at all times. If content displayed on our websites and WeChat official account were found to violate the provisions, we may be subject to administrative penalties, including warning, service suspension or removal of our websites and WeChat official account, which may materially and adversely affect our business and results of operations. We may also become involved in legal disputes with third parties that disagree with the content on our platform, which could result in substantial costs and a diversion of our managerial and financial resources.

Changes in laws and regulations relating to the internet or changes in the internet infrastructure itself may diminish the demand for our services and have a negative impact on our business.

The future success of our business depends upon the continued use of the internet as a primary medium for commerce, communication and business solutions. The PRC government has in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our products and solutions in order to comply with these changes. In addition, government agencies may begin to impose taxes, fees or other charges for accessing the internet. These laws and changes could limit the growth of internet-related commerce or communications generally and reduce the demand for internet-based services such as ours.

In addition, use of the internet as a business tool could be adversely affected. The performance of the internet and its acceptance as a business tool has been adversely affected by "viruses," "worms" and similar malicious programs and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our services could suffer.

Our employees, service providers, or any other third parties involved in our business operations may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk that our employees, service providers, or any other third parties involved in our business operations may engage in fraudulent or other illegal activities which could include intentional, reckless and/or negligent conducts or unauthorized activities that violate laws, regulations, industry rule, or our internal policies. In particular, in connection with our business nature, misconduct by these parties could involve individually identifiable information or other sensitive data and information, which could result in regulatory sanctions and harm to our reputation.

Moreover, our business operations are subject to anti-bribery and anti-corruption laws and regulations in China, which prohibit companies and their intermediaries from making improper payments or other benefits to government or other parties for the purpose of obtaining or retaining business. While we have adopted and implemented internal controls and procedures to monitor compliance with anti-bribery and anti-corruption laws, regulations and policies, we cannot guarantee that such internal controls and procedures will always be effective in preventing non-compliance and exculpating us from penalties or liabilities that may be imposed by relevant government authorities due to violations committed by our employees or other third-party business partners. If our employees or third-party business partners are found or alleged to have violated anti-bribery or anti-corruption laws and regulations, we may face or be involved in fines, lawsuits and damage to our reputation, which could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to identify and deter misconduct by employees or third parties in a timely manner, or at all, and the precautions we take to detect and prevent these potential misconduct may not be effective in controlling unknown or unmanaged risks or losses, or protecting us from governmental investigations stemming from a failure to be in compliance with such laws or regulations, or claims or lawsuits initiated from our customers or business partners resulting from our contract breach due to such misconduct. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings and curtailment of our operations.

Any interruptions or delays in services from third parties or from our inability to adequately plan for and manage service interruptions or infrastructure capacity requirements, may impair the delivery of our services, and materially and adversely affect our business and results of operations.

We rely on computer hardware purchased from, and cloud computing platforms provided by, third parties in order to deliver our solutions and services. Any damage to, or disruption or failure of, our systems generally, including systems of our third-party service providers, could result in interruptions in our services. In the past, we have experienced interruptions in our services, and such interruptions may occur in the future. Interruptions in our services may have a material adverse effect on our ability to retain existing customers and attract new ones, which in turn would reduce our revenue. Our business and reputation may also be harmed if our customers, or potential customers, believe that our solutions and services are unreliable.

We do not control the operation of any of facilities provided by third-party providers, which may be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events. These facilities may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, as well as local administrative actions, changes to legal or regulatory requirements and litigious proceedings to stop, limit or delay operations. Despite precautions taken by our third-party providers at these facilities, such as disaster recovery and business continuity arrangements, the occurrence of an act of terrorism or natural disaster, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions to our services.

Additionally, these hardware, software, data and cloud computing services may not continue to be available to us at reasonable prices, on commercially reasonable terms, or at all. If we lose our right to use any of these services, this could significantly increase our expenses or otherwise result in delays in the delivery of our solutions and services. If the performance of such third parties proves unsatisfactory, or if any of them violates its contractual obligations to us, we may need to replace such third party and/or take other remedial action, which could result in additional costs and materially and adversely affect the solutions and services we provide to our customers. Furthermore, the financial condition of our third-party providers may deteriorate over the course of our contract term with them, which may also impact the ability of such third party to provide the agreed services and have a material adverse effect on our business operations.

We may have insufficient computing resources, transmission bandwidth and storage space, which could result in disruptions and our business, financial condition and results of operations could be adversely affected.

Our operations are dependent in part upon transmission bandwidth provided by third-party telecommunications network providers, access to data centers to house our servers and other computing resources. There can be no assurance that we are adequately prepared for unexpected increases in bandwidth and data center demands by our customers. The bandwidth we have contracted to use or the data centers we have established may become unavailable for a variety of reasons, including service outages, payment disputes, network providers going out of business, natural disasters, networks imposing traffic limits, or governments adopting regulations that impact network operations. Moreover, if bandwidth providers have their own services that compete with us, or they may choose to develop their own services that will compete with us, these bandwidth providers may become unwilling to sell us adequate transmission bandwidth at fair market prices, if at all. This risk is heightened where market power is concentrated with one or a few major networks. We also may be unable to move quickly enough to augment capacity to reflect growing traffic or security demands. Failure to put in place the capacity we require could result in a reduction in, or disruption of, service to our customers and ultimately a loss of those customers. Such a failure could also result in our inability to acquire new customers demanding capacity not available on our platform.

Our intellectual property rights are critical to our success and infringement of our intellectual property right by any third party may materially and adversely affect our business, reputation, financial condition and results of operations.

Our trade secrets, trademarks, copyrights, patents, domain names and other intellectual property rights are critical to our success. We rely on, and expect to continue to rely on, a combination of confidentiality and non-compete, invention assignment and license agreements with our employees, and third parties with whom we have relationships, as well as our trademark, domain name, copyrights, trade secrets, patent rights, and other intellectual property rights to protect our brand. However, various events beyond our control may pose a threat to our intellectual property rights and our solutions and services. Effective protection of trademarks, copyrights, domain names, patent rights, and other intellectual property rights is expensive and difficult to maintain, both in terms of application and maintenance costs and the costs of defending and enforcing those rights. While we have taken measures to protect our intellectual property rights, we cannot assure you that such efforts are either sufficient or effective. Our intellectual property rights may nevertheless be infringed, misappropriated, or challenged, which could result in them being narrowed in scope or declared invalid or unenforceable.

As of the Latest Practicable Date, we had 16 patents registered in China, as well as 59 pending invention patent applications. We also held 230 registered software copyrights, 116 registered domain names and 138 registered trademarks as of the same date. The expected timeframes to register each of the pending patents and trademarks depend on various factors. If we fail to register a substantial amount of these patents and trademarks, our business operations may be materially and adversely affected.

Similarly, our reliance on unpatented proprietary information and technology, such as trade secrets and confidential information, depends in part on our agreements with employees and third parties which contain restrictions on the use and disclosure of such intellectual property. These agreements may be insufficient or may be breached, either of which could potentially result in the unauthorized use or disclosure of our trade secrets and other intellectual property, including to our competitors. As a result, we could lose our crucial competitive advantage derived from such intellectual property. Significant impairments to our intellectual property rights, and limitations on our ability to assert our intellectual property rights against others, may result in a material adverse effect on our business.

We may be subject to intellectual property infringement claims from third parties, which may materially and adversely affect our business, financial condition and results of operations.

We depend on our ability to effectively develop and maintain intellectual property rights relating to our business. However, third parties may claim that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights which they hold, whether such claims are valid or otherwise. We may face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. The validity, enforceability and scope of protection of intellectual property rights, particularly within China, are still evolving. As we face increasing competition and as litigation becomes a more commonly pursued method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

Additionally, the application and interpretation of intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights are evolving and may be uncertain, and we cannot assure you that courts or regulatory authorities would agree with our analysis. As of the Latest Practicable Date, we were involved in one ongoing patent infringement appeal with a claim amount of over RMB7.0 million where we had successfully defended ourselves at the court of first instance, and if the outcome of such lawsuit were unfavorable to us, we may be subject to liability or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own, which may harm our reputation, business, financial condition and results of operations. Moreover, defense of such claims, regardless of merits, would involve substantial litigation expense and would be a substantial diversion of managerial resources from our business.

We have been, and may continue to be involved, in claims, disputes and legal proceedings in our ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, breach of contract, employment or labor disputes, and infringement of intellectual property rights. If we are unsuccessful in any claims, disputes and legal proceedings, we may be subject to substantial damages. Any claims, disputes or legal proceedings initiated by us or brought against us, with or without merit, may result in substantial costs and diversion of resources and materially harm our reputation.

Our business relies on the proper operation of our IT systems, any malfunction of which for extended periods could materially and adversely affect our business, financial condition and results of operations.

Our business relies on the proper functioning of our IT systems. We use our IT systems to retrieve and analyze operational data, including procurement, sales and financial and accounting data. We also use our IT systems to assist us in planning and managing our budgeting, human resources, sales and financial reporting. As a result, our IT system is critical for our daily operations. Although we did not experience any IT system breakdown during the Track Record Period, we cannot assure you that our IT systems will always operate without interruption.

Any malfunction in a particular part of our IT systems may adversely affect our operations and our results of operations. In addition, we need to constantly upgrade and improve our IT systems to keep up with the continuous growth of our operations and business. We may not always be successful in installing, running or implementing new software or advanced IT systems as required by our business development. All of these may have a material adverse effect on our business, financial condition and results of operations.

An occurrence of a natural disaster, widespread health epidemic or other outbreaks, such as the COVID-19 pandemic, could have a material adverse effect on our business, financial condition and results of operations.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of such a disaster or prolonged outbreak of an epidemic illness or other adverse public health developments in China or elsewhere, including but not limited to the severe acute respiratory syndrome, or SARS, the H5N1 avian flu, the human swine flu, also known as Influenza A (H1N1), or the novel coronavirus (COVID-19), could materially disrupt our business and operations.

The outbreak of COVID-19, which began in late 2019, has materially and adversely affected the Chinese and global economy. In response to the pandemic, the Chinese government implemented mitigation measures from time to time to contain the spread of the pandemic. During the COVID-19 pandemic, a number of our employees were infected with the COVID-19 in December 2022, which temporarily disrupted our business operations. Moreover, certain of our customers were adversely affected by the COVID-19 pandemic, and we experienced difficulty in collecting trade receivables from these customers. Additionally, in 2022, we experienced temporary delays in delivering our financial & tax digitalization solutions due to the impact of COVID-19 pandemic, and we downwardly adjusted the price of certain solutions to attract mid-market customers and retain existing customers amid the COVID-19 pandemic.

The COVID-19 pandemic may also have the effect of heightening other risks disclosed in this section, including but not limited to those related to: (1) decreased customer demand for our solutions and services, which may be caused by economic downturn; (2) disruption of the operations of our service providers; and (3) increase volatility or significant disruption of global capital markets due in part to the COVID-19 pandemic, which may adversely affect our ability to access capital markets and other funding sources on acceptable terms or at all.

Our business depends substantially on the continuing efforts of our management and other key personnel, as well as competent employees that support our existing operations and future growth. If we fail to attract, motivate and retain talents, our operations and growth prospects may be severely disrupted.

Our future success heavily depends upon the continuing services of our management and other key personnel. In particular, we rely on the expertise, experience and vision of our founders and our chief executive officer, and other members of our senior management team. We also rely on the technical know-how and skills of other key personnel. If any of our senior management or key personnel becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily or at all. As a result, our business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain key personnel.

Our existing operations and future growth require competent employees specializing in, among other things, cloud computing, financial and tax management, data analytics and sales and marketing so as to improve our solution functionality and anticipate and effectively respond to changing customer preferences and market trends. However, our industry is characterized by high demand and intense competition for talents. In order to attract and retain talents, we may need to offer higher compensation, better trainings and more attractive career trajectory and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain qualified employees necessary to support our future growth. We may fail to manage our relationship with our current or former employees, and any disputes between us and them, or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, as our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet our increasing business demands. Any of the above issues may materially and adversely affect our results of operations and growth prospects.

Our financial condition and results of operations may be adversely affected by fair value changes of financial assets and liabilities at fair value through profit or loss and valuation uncertainty due to the use of unobservable inputs.

In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we recognized fair value losses of financial assets and liabilities at FVTPL of RMB285.9 million, RMB265.5 million, RMB53.5 million and RMB20.3 million, respectively, as compared to a fair value gain of financial assets and liabilities at FVTPL of RMB97.8 million, primarily relating to our investment in associates with preferential rights, the arrangement/right to receive additional shares and our shares with preferential rights issued in our equity financings. Investment in associates with preferential rights, the arrangement/right to receive additional shares and our shares with preferential rights issued in our equity financings were classified as level 3 instruments for financial reporting purpose, and the related fair value measurement was based on significant unobservable inputs, including discount rate, discounts for lack of marketability and expected volatility, the changes of which will lead to changes in the fair value.

For level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. See Note 40 to the Accountants' Report in Appendix I to this document for details. As such, we are exposed to fair value change of financial assets and liabilities at FVTPL and valuation uncertainty due to the use of unobservable inputs, which will directly affect our profit and results of operations.

We may require additional funding to finance our operations, which may not be available on terms acceptable to us or at all, and if we are able to raise funds, the value of your [REDACTED] in us may be negatively impacted.

We may require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. To the extent that our funding requirements exceed our financial resources, we will be required to seek additional financing or to defer planned expenditures. There is no assurance that we can obtain additional funds on terms acceptable to us, or at all. In addition, our ability to raise additional funds in the future is subject to a variety of uncertainties, including but not limited to:

- investors' perception of, and demand for, the securities in companies like us;
- conditions of the capital markets in which we may seek to raise funds;
- development of PRC laws and regulations on the industries in which we operate;

- our future results of operations, financial condition and cash flows;
- general market conditions for capital raising and debt financing activities; and
- economic, political and other conditions in China and elsewhere.

Furthermore, if we raise additional funds through equity or equity-linked financings, your equity interest in us may be diluted. Alternatively, if we raise additional funds by incurring debt obligations, we may be subject to various covenants under the relevant debt instruments that may, among other things, restrict our ability to pay dividends or obtain additional financing. Servicing such debt obligations could also be burdensome to our operations. If we fail to service such debt obligations or are unable to comply with any of these covenants, we could be in default under such debt obligations and our liquidity and financial condition could be materially and adversely affected.

We face certain legal and regulatory risks relating to labor-related laws and regulations.

Pursuant to the relevant PRC laws and regulations, employers are obligated to directly and duly contribute to the social insurance and housing provident funds for their employees. During the Track Record Period, instead of making the contributions on our own for our employees, we and a few of our operating entities engaged third-party agencies to make such contributions to the social insurance and housing provident funds, which was not in strict compliance with applicable PRC laws and regulations. Since October 2022, we have ceased all arrangement with third-party agencies for social insurance and housing provident fund contribution.

We cannot assure you that the relevant competent government authority will not take the view that this third-party agency arrangement does not satisfy the requirements under the relevant PRC laws and regulations. In respect of housing provident fund, we might be ordered to pay the outstanding balance to the relevant local authority within a prescribed period of time, and the government authority can apply to the people's court for compulsory enforcement if we do not comply, but no penalties are provided under the relevant PRC laws and regulations. In respect of social insurance, we might be ordered to pay the outstanding balance within a certain period of time and a late fee that equals 0.05% of the total outstanding balance per day from the date of the failure to make payment, failing which we may be subject to a fine ranging from one to three times the total outstanding balance. During the Track Record Period, we did not have any shortfall with respect to our social insurance and housing provident fund contributions. As of the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order or been informed to make any supplementary payments.

Under the agreements between the third-party agencies and our relevant operating entities, the third-party agencies had the obligations to pay social insurance and housing provident funds for our relevant employees on time and in full amounts. As of the Latest Practicable Date, none of the third-party agencies that we used to cooperate with had failed to pay, or delayed in paying, any social insurance or housing provident fund contributions for our employees and the third-party agencies had duly paid the social security funds and housing provident funds contributions for and on behalf of our employees according to our relevant operating entities' agreements with them. As of the Latest Practicable Date, we had not received any administrative penalty or labor arbitration application from employees for the third-party agency arrangement for social insurance and housing provident funds, and we did not receive any notice from judicial or administrative authorities on any claim from our current and former employees regarding any inadequate contribution. As advised by the PRC Legal Advisor, on the basis of the foregoing, the risk is relatively low that any administrative penalty would be imposed on us. Accordingly, our Directors believe that our historical arrangements with third-party agencies for social insurance and housing provident fund contribution would not have a material adverse effect on our business, results of operations or financial condition or the [**REDACTED**], and we did not record any provision in respect of our third-party agency arrangement.

Our rights to use our leased properties could be challenged by third parties, or we may be forced to relocate due to title defects, or we may be liable for failure to register our lease agreements, which may result in a disruption of our operations and subject us to penalties.

We lease certain properties from third parties to be used mainly as office premises, R&D facilities, and staff dormitories. As of the Latest Practicable Date, the ownership certificates or equivalent proof relating to six of our leased properties had not been provided to us by the relevant lessors. Therefore, we cannot assure you that such lessors are entitled to lease the relevant real properties to us. If the lessors are not entitled to lease the real properties to us and the owners of such real properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights under the respective lease agreements against the owners, and if our lease agreements are declared null and void due to such title defects, we may be required to vacate the leased properties. As of the Latest Practicable Date, we were not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof. If we are forced to vacate from our leased properties, although we believe suitable alternative locations are readily available on commercially reasonable terms, our business operations may be interrupted. See "Business—Properties" for details.

As of the Latest Practicable Date, we had not completed the administrative filings of 23 lease agreements. According to applicable PRC laws and regulations, the lessor and the lessee of a lease agreement are required to file the lease agreement with relevant government authorities within 30 days after the execution of the lease agreement. While the failure to complete the administrative filings may not affect the legality, validity or enforceability of the lease agreement, the government authorities may require that the filing be made within a stated period of time, failing which, they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. It is not clear under PRC laws if the fine will be borne by the lessor or the lessee. According to applicable PRC laws and regulations, lessors of the related lease agreements need to provide us with certain documents (such as their business licenses or identification information) in order to complete the administrative filing. There can be no assurance that the lessors of our leased properties will be cooperative in the process of completing the filings. If we fail to complete the administrative filings for all non-registered leases within the period specified by the relevant government authorities, and the relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, we might be subject to a fine ranging from RMB23,000 to RMB230,000.

Future strategic alliances, acquisitions or investments may have a material adverse effect on our business, financial condition and results of operations.

We may enter into strategic alliances or investments, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. These alliances and investments could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the third party and increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

In addition, if appropriate opportunities arise, we may acquire additional businesses, platforms, assets or technologies that we believe can expand and strengthen our solutions and customer coverage, as well as our technological and service capacities. Future acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. It may also pose the risk that we may be exposed to successor liability relating to the actions by an acquired company and its management before and after the acquisition. The due diligence that we conduct in connection with an acquisition or investment may not be sufficient to discover unknown liabilities, and any contractual guarantees or indemnities that we receive from the sellers of the target companies and/or their shareholders may not be sufficient to protect us from, or compensate us for, actual liabilities. Moreover, the costs of identifying and consummating investments may be significant. In addition to possible shareholders' approval, we may also have to obtain approvals and licenses from relevant government authorities for the investments and to comply with any applicable PRC laws and regulations, which could result in delays and increased costs. Additionally, if the management team or key employees of an acquired company fail to perform as expected, this may adversely affect the business performance of such acquired company and, in turn, have a material adverse effect on our business, financial condition and results of operations.

If we are not able to control our staff costs in an effective manner, our business, financial condition and results of operations may be adversely affected.

There has been inflation and increased labor costs in China, particularly in large cities such as Beijing. In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pensions, housing provident fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Any labor shortage or attrition may significantly disrupt our business operations or delay our expansion plan. We may have difficulties in hiring or retaining sufficient and qualified employees. In addition, average wages in China are expected to continue to rise, which we anticipate will have an upward pressure on our labor costs and employee salaries and benefits, which in turn will negatively affect our profit margins. Any failure to attract qualified employees at reasonable cost and in a timely manner, and any future disputes with our employees may materially and adversely affect our business, financial condition and results of operations.

Our risk management and internal control systems may not be adequate or effective in all aspects, which may materially and adversely affect our business and results of operations.

We seek to establish risk management and internal control systems consisting of an organizational framework, policies, procedures and risk management methods that are appropriate for our business operations, and seek to continue to improve these systems. For further information, see "Business—Internal Control and Risk Management." However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

Our risk management and internal controls also depend on their effective implementation by our employees. Due to the significant size of our operations, we cannot assure you that such implementation will not involve any human errors or mistakes, which may materially and adversely affect our business and results of operations. As we are likely to offer a broader and more diverse range of services and solutions in the future, the diversification of our service offerings will require us to continue to enhance our risk management capabilities. If we fail to timely adapt our risk management policies and procedures to our changing business, our business, financial condition and results of operations could be materially and adversely affected.

Our limited insurance coverage could expose us to significant costs and business disruption.

We face various risks in connection with our business and may lack adequate insurance coverage. As of the Latest Practicable Date, we had not maintained property insurance, key employee insurance, product liability insurance and business interruption insurance. Neither had we maintained insurance policies covering damages to our technological infrastructure or litigation insurance. Any uninsured occurrence of business disruption, litigation or natural disaster, monetary liabilities or significant damages to our uninsured equipment, facilities or reputation could have a material adverse effect on our results of operations.

Insurance companies in China do not currently offer as extensive an array of insurance products as insurance companies in other more developed economies. As such, we may not be able to insure against certain risks relating to our assets or business even if we desire to. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Preferential tax treatment and government grants currently available to us in the PRC could be discontinued or reduced.

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "EIT Law") and its relevant regulations, PRC companies are typically subject to an income tax rate of 25% under the EIT Law. Baiwang Co., Ltd. was qualified as high and new technology enterprise and was entitled to a preferential income tax rate of 15% during the Track Record Period. We shall, in accordance with the requirements of the tax authority and other relevant authorities, retain and submit our financial statements together with details of our R&D activities and other technological innovation activities for future reference to enjoy the preferential tax treatment. Furthermore, we were entitled to claim research and development expenses incurred as tax deductible expenses when determining our assessable profits during the Track Record Period.

We cannot assure you that we will continue to qualify for such preferential tax treatments, or that the policies providing for the preferential tax treatments will continue to be effective. As advised by our PRC Legal Advisor, if we fail to provide requisite materials retained for future reference, we will not be entitled to enjoy the preferential tax treatments, as well as other benefits conferred under the accreditations. If we were not entitled to preferential tax treatments in the future, our effective tax rate may increase to 25%, and our income tax expense would increase accordingly, which will adversely affect our net profit.

RISKS RELATING TO DOING BUSINESS IN CHINA

The economic, political and social conditions in China could affect our business, financial condition and results of operations.

We conduct all of our business operations in China. Accordingly, our business, financial condition and results of operations are, to a material extent, subject to economic, political, and legal developments in China. In particular, factors such as consumer, corporate and government spending, business investment, level of economic development, an resource allocation could affect the growth of our business.

The PRC economy has experienced significant growth over the past decades since the implementation of China's reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business in China may also be materially and adversely affected.

The development of the PRC legal system and changes in the interpretation and enforcement of PRC laws, regulations and policies in China could materially and adversely affect us.

Our Company is incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters, such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, these laws and regulations maybe subject to different interpretation. As other civil law countries, there is a limited volume of published court decisions, which may be cited for reference but are not binding on subsequent cases and have limited precedential value unless the Supreme People's Court otherwise provides. As these laws and regulations are continually evolving in response to changing economic and other conditions, these uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to [**REDACTED**] and us.

We may be subject to the approval or other requirements of the CSRC or other PRC governmental authorities in connection with future security activities.

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the July 6 Opinion, which called for the enhanced administration and supervision of [**REDACTED**] China-based companies, proposed to revise the relevant regulation governing the overseas issuance and [**REDACTED**] of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities. The July 6 Opinion aims to achieve this by establishing a regulatory system and revising the existing rules for overseas [**REDACTED**] of entities in China and their affiliates including potential extraterritorial application of Chinese securities laws.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "Overseas Listing Trial Measures") and relevant five guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas [**REDACTED**] of PRC domestic companies' securities and regulate both direct and indirect overseas [**REDACTED**] of PRC domestic companies' securities. Pursuant to the Overseas Listing Trial Measures, where a PRC domestic company submits an application for [**REDACTED**] to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted. As advised by our PRC Legal Advisor, we are required to go through the filing procedures with the CSRC under the Overseas Listing Trial Measures. We submitted the required filing documents to the CSRC on July 3, 2023, and the CSRC issued a notification on our completion of the PRC filing procedures for the [**REDACTED**] of our Shares on the Stock Exchange and the [**REDACTED**] on January 2, 2024.

In addition, we cannot guarantee that new rules or regulations promulgated in the future pursuant to the July 6 Opinion and any other related PRC rules and regulations will not impose any additional requirement on us or otherwise tightening the regulations on us. If it is determined that we are subject to any CSRC approval, filing, other governmental authorization or requirements for future capital raising activities, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial condition. Furthermore, any uncertainty and/or negative publicity regarding such an approval, filing or other requirements may also have a material adverse effect on the [**REDACTED**] of our H Shares.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us and our Directors and management.

We are a company incorporated under the laws of China, and all our assets and operations are located in China. In addition, most of our Directors, Supervisors and senior management reside within China, and the assets of our Directors, Supervisors and senior management are likely to be located within China. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong, the United States or elsewhere outside China upon us or these persons, or to bring an action in Hong Kong against us or these individuals. Moreover, China does not have treaties with most of the other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Mutual Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件安排的安排) (the "2006 Arrangement"). Pursuant to such arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement.

On January 18, 2019, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2019 Arrangement"), the commencement date of which shall be announced after the Supreme People's Court promulgates judicial interpretations and relevant procedures are completed in Hong Kong. The 2019 Arrangement will supersede the 2006 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The 2006 Arrangement will remain applicable to a "choice of court agreement in writing" entered into before the 2019 Arrangement taking effect. However, there remains uncertainties as to the outcome of any applications to recognize and enforce such judgments and arbitral awards in China.

Furthermore, an original action may only be brought in China against us or our Directors, Supervisors and senior management if the actions are not required to be arbitrated by PRC laws and upon satisfaction of the conditions for commencing a cause of action pursuant to the PRC civil procedure law. As a result of the conditions set forth in the PRC civil procedure law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, it is uncertain whether [**REDACTED**] will be able to bring an original action in China in this manner.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under the PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation administrative authorities.

In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit a formal application, which will be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or our affiliated entities or their subsidiaries. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations, and we may not be able to recover our loss due to such misuse or misappropriation if the third party relies on the apparent authority of such employees and acts in good faith.

Fluctuations in exchange rates of Renminbi could adversely affect our results of operations and the value of your [REDACTED].

Fluctuations in the exchange rate of Renminbi against Hong Kong dollar, U.S. dollar and other foreign currencies are affected by, among other things, the policies of the PRC Government and changes in China's and international political and economic conditions. The [**REDACTED**] from the [**REDACTED**] will be denominated in Hong Kong dollars. As a result, any appreciation of Renminbi against U.S. dollar, Hong Kong dollar or any other foreign currencies may result in a decrease in the value of our foreign currency-denominated assets and our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of Renminbi may adversely affect the value of, and any dividends payable on our H Shares in foreign currencies. There are limited instruments available for us to reduce our foreign currency risk exposure at reasonable cost in China, and we have not utilized, and may not in the future utilize, any such instrument. All of these factors could materially and adversely affect our business, financial condition and results of operations, and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

Governmental control of currency conversion, and restrictions on the remittance of Renminbi into and out of China, could have a material adverse impact on our financial condition and results of operations, and may reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

The remittance of currency in and out of China is subject to various laws and regulations. Our revenues and expenses are substantially denominated in Renminbi, and the [**REDACTED**] from the [**REDACTED**] and any dividends we pay on our H Shares will be in Hong Kong dollars. Under China's existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to make current account foreign exchange transactions, including paying dividends in foreign currencies without prior approval from SAFE.

However, in the future, the PRC government may take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. If such measures are implemented, we may not be able to pay dividends in foreign currencies to holders of our H Shares. Foreign exchange transactions under our capital account are subject to significant foreign exchange controls and require SAFE's approval. These limitations could affect our ability to obtain foreign exchange through offshore financing.

Furthermore, the net [**REDACTED**] from the [**REDACTED**] are expected to be deposited in currencies other than Renminbi until we obtain necessary approvals from relevant PRC regulatory authorities to convert these [**REDACTED**] into onshore Renminbi. If the [**REDACTED**] cannot be converted into onshore Renminbi in a timely manner, our ability to deploy these [**REDACTED**] efficiently may be affected as we will not be able to invest these [**REDACTED**] on Renminbi-denominated assets onshore or deploy them in uses onshore where Renminbi is required. All of these factors could materially and adversely affect our business, financial condition and results of operations.

[REDACTED] of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

Non-Chinese resident individual holders of H Shares whose names appear on the register of members of H Shares ("Non-Chinese Resident Individual Holders"), are subject to Chinese individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知(國税函[2011]348號)) dated June 28, 2011 and issued by the SAT, the tax rate applicable to dividends paid to Non-Chinese Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between China and the jurisdiction in which the Non-Chinese Resident Individual Holder of H Shares resides, as well as the tax arrangement between China and Hong Kong. Non-Chinese Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. See "Regulation Overview." In addition, under the Individual Income Tax Law of the PRC (中華人民共和國個人所得税法) and its implementation regulations, Non-Chinese Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (關於個人轉讓股票所得繼續免徵收個人所得税的通知) issued by MOF and the SAT on March 30, 1998, gains of individuals derived from the transfer of [**REDACTED**] shares of enterprises may be exempt from individual income tax. Based on our knowledge, as of the Latest Practicable Date, the Chinese tax authorities had not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' [**REDACTED**] in H Shares may be materially and adversely affected.

Under EIT Law and its implementation regulations, a non-Chinese resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to its Chinese-sourced income, including dividends received from a Chinese company and gains derived from the disposition of equity interests in a Chinese company. This rate may be reduced under any special arrangement or applicable treaty between the China and the jurisdiction in which the non-Chinese resident enterprise resides. Pursuant to the Circular of the SAT on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid by Chinese Resident Enterprises to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣繳企業所得税有關問題的通知(國税函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10% from dividends payable to non-Chinese resident enterprise holders of H Shares (including [**REDACTED**]). Non-Chinese resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the Chinese tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the Chinese tax authorities' approval. See "Regulation Overview." There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the Chinese tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-Chinese resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-Chinese resident enterprise holders' [**REDACTED**] in H Shares may be materially and adversely affected.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRSs in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company (國家外匯總局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) promulgated by SAFE on February 15, 2012, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly [**REDACTED**] company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas [**REDACTED**] company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our Directors, Supervisors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted share-based awards will be subject to these regulations when we become an overseas [**REDACTED**] company upon the completion of this [**REDACTED**]. Failure to complete the required registrations may subject them to fines, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our Directors, Supervisors, executive officers and employees under PRC law.

The SAT also issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares, and the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to the [**REDACTED**], there has been no [**REDACTED**] for our H Shares. The [**REDACTED**] range for our H Shares was the result of negotiations between us and the [**REDACTED**] (for themselves and on behalf of [**REDACTED**]), and the [**REDACTED**] may differ significantly from the [**REDACTED**] for our H Shares following the [**REDACTED**]. We have applied for [**REDACTED**] of, and permission to [**REDACTED**], our H Shares on the Stock Exchange. A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] for our H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**] or that the [**REDACTED**] of our H Shares will not decline following the [**REDACTED**]. Furthermore, the [**REDACTED**] and [**REDACTED**] of our H Shares may be volatile. The following factors may affect the [**REDACTED**] and [**REDACTED**] of our H Shares:

- our financial condition;
- actual or anticipated fluctuations in our operating performance;
- news regarding recruitment or departure of key personnel by us or our competitors;
- the history of, and the prospects for, us and the industry in which we operate;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting our ability to obtain or maintain regulatory approval for our services;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- inadequate protection of our intellectual property rights or legal proceedings brought against us for infringement of third parties' intellectual property rights;
- the operating and stock price performance of other companies and industries, and other events or factors beyond our control; and
- general political, financial, social and economic conditions.

Moreover, the capital market has from time to time experienced significant [**REDACTED**] fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the market. These broad market and industry fluctuations may have a material adverse effect on the [**REDACTED**] of our H Shares.

An active and liquid [REDACTED] for our H Shares may not develop.

Prior to the [**REDACTED**], our H Shares were not [**REDACTED**] on any other market. We cannot assure you that an active and liquid [**REDACTED**] for our H Shares will be developed or be maintained after the [**REDACTED**]. Liquid and active [**REDACTED**] usually result in less price volatility and more efficiency in carrying out [**REDACTED**] purchase and sale orders. The [**REDACTED**] of our H Shares could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the [**REDACTED**] of our H Shares, you could lose a substantial part or all of your [**REDACTED**] in our H Shares.

Since there will be a gap of several days between [REDACTED] and [REDACTED] of our H Shares, holders of our H Shares are subject to the risk that the [REDACTED] of our H Shares could fall during the period before [REDACTED] of our H Shares begins.

The [**REDACTED**] of our H Shares is expected to be determined on the [**REDACTED**]. However, our H Shares will not commence [**REDACTED**] on the Stock Exchange until they are delivered, which is expected to be three Hong Kong business days after the [**REDACTED**]. As a result, [**REDACTED**] may not be able to [**REDACTED**] our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the [**REDACTED**] of our H Shares could fall before [**REDACTED**] begins, as a result of unfavorable market conditions or other adverse developments that could occur between the time of sale and the time [**REDACTED**] begins.

If the [REDACTED] of our H Shares is substantially higher than the [REDACTED] book value per share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [**REDACTED**] of our H Shares is higher than the [**REDACTED**] per share immediately prior to the [**REDACTED**], purchasers of our H Shares in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**]. Our existing shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our H Shares may experience further dilution of their interest if [**REDACTED**] exercise the [**REDACTED**] or if we issue additional shares in the future to raise additional capital.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favorable return. For details of our intended [**REDACTED**], see "Future Plans and [**REDACTED**]." However, our management will have discretion as to the actual application of our [**REDACTED**]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the [**REDACTED**] from this [**REDACTED**].

The [REDACTED] of our H Shares may decline if securities or industry analysts do not publish research reports about our business, or they adversely change their recommendations regarding our Shares.

The [**REDACTED**] for our H Shares may be affected by research reports about us or our business published by industry or securities analysts. The [**REDACTED**] of our H Shares would possibly decline if one or more analysts who research us downgrade our H Shares or publish negative opinions about us regardless of the accuracy of the information. We may lose visibility in the financial markets if one or more of these analysts cease coverage of us, or fail to regularly publish reports on us, which could cause the [**REDACTED**] of our H Shares to decline.

Waivers have been granted from compliance with certain requirements of the Listing Rules by the Stock Exchange. These waivers could be revoked, exposing us and our Shareholders to additional legal and compliance obligations.

We have applied for, and the Stock Exchange [has granted] to us, a number of waivers from strict compliance with the Listing Rules. See "Waivers from Strict Compliance with the Requirements under the Listing Rules and Exemption from Strict Compliance with the requirements Under the Companies (Winding Up and Miscellaneous Provisions) Ordinance." There is no assurance that the Stock Exchange will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations, incur additional compliance costs and face uncertainties arising from issues of multijurisdictional compliance, all of which could adversely affect us and our Shareholders.

Future sales or perceived sales or conversion of substantial amounts of our securities in the public market, including any future [REDACTED] in China or [REDACTED], could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholdings.

Future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new H Shares or other securities relating to our H Shares, or the perception that such sales or issuances may occur could all cause a decline in the [**REDACTED**] of our H Shares. Future sales, or perceived sales, of substantial amounts of our securities or other securities relating to our H Shares, including part of any future [**REDACTED**], could also materially and adversely affect the prevailing [**REDACTED**] of our H Shares and our ability to raise capital in the future at a time and at a [**REDACTED**] which we deem appropriate.

Although our Controlling Shareholders are subject to restrictions on their sales of H Shares within 12 months from the [**REDACTED**] as described in "History and Corporate Structure" in this document, future sales of a significant number of our H Shares by our Controlling Shareholders or other existing shareholders in the [**REDACTED**] after the [**REDACTED**], or the perception that these sales could occur, could cause the [**REDACTED**] of our H Shares to decline and could materially impair our future ability to raise capital through [**REDACTED**] of our H Shares. We cannot assure you that our Controlling Shareholders, or other existing shareholders will not dispose of H Shares held by them.

Our Domestic Shares may be [**REDACTED**] H Shares, and such [**REDACTED**] may be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange, provided that prior to the [**REDACTED**] of such [**REDACTED**], any requisite internal approval processes shall have been duly completed and the approval from the relevant Chinese regulatory authorities, including the CSRC, shall have been obtained (the "Arrangement"). In addition, such [**REDACTED**] shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. The Arrangement applies only to Domestic Shares. All of our Domestic Shares are subject to the Arrangement and may be [**REDACTED**] H Shares upon the approval of the relevant regulatory authorities, including the CSRC and the Stock Exchange.

We may not be able to pay any dividends on our H Shares.

No dividend had been declared or paid by us during the Track Record Period. We cannot guarantee when and in what form dividends will be paid on our H Shares following the [**REDACTED**]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements, and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. For details, see "Financial Information—Dividend."

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] of our H Shares may decline.

The [**REDACTED**] of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the [**REDACTED**] of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [**REDACTED**] of our H Shares to decline.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters.

The words "anticipate," "believe," "could," "potential," "continue," "expect," "intend," "may," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors, Supervisors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this document. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

Certain facts, forecasts and statistics contained in this document are derived from various official or third-party sources and may not be accurate, reliable, complete or up to date.

We have derived certain information and statistics in this document, particularly the section headed "Industry Overview," from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications provided by the PRC government, industry associations, independent research institutes and other third-party sources. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [**REDACTED**], [**REDACTED**], any of their respective directors and advisers, or any other persons or parties involved in the [**REDACTED**], and, therefore, we cannot assure you as to the accuracy and reliability of such information and statistics, which may not be consistent with other information compiled inside or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles and other media regarding us and the [REDACTED].

Prior to the publication of this document, there has been and there may also be, subsequent to the date of this document but prior to the completion of the [**REDACTED**], press and media coverage regarding us, our business, our industries and the [**REDACTED**], which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of such projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information.

In preparation for the [**REDACTED**], we have applied to the Stock Exchange for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, all applicants applying for a primary [**REDACTED**] on the Stock Exchange must have sufficient management presence in Hong Kong. This would normally mean that at least two of the applicant's executive directors must be ordinarily resident in Hong Kong.

Our Company's business operations and assets are primarily located outside Hong Kong. Our Company's executive Directors are based in the PRC as our Board believes it is more effective and efficient for our executive Directors to be based in a location where our substantial operations are located. Our Company therefore does not, and in the near future will not, maintain management presence in Hong Kong.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, provided that our Company implements the following arrangements:

(1) We have appointed Ms. Chen Jie (陳杰) ("Ms. Chen"), our executive Director, general manager and the chairlady of our Board and Mr. Zheng Tianhao (鄭天昊) ("Mr. Zheng"), one of our joint company secretaries as our authorized representatives for the purpose of Rule 3.05 of the Listing Rules. They will serve as the principal channel of communication with the Stock Exchange and make themselves readily available to communicate with the Stock Exchange. We have also appointed Mr. Chiu Ming King (趙明璟) ("Mr. Chiu"), the other joint company secretary of our Company as our alternate authorized representative. Mr. Chiu resides in Hong Kong and each of Ms. Chen, Mr. Zheng and Mr. Chiu can be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matters within a reasonable period of time upon the request of the Stock Exchange. The contact details of our authorized representatives have been provided to the Stock Exchange.

(2) All Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period. In addition, each Director has provided his/her contact details, including phone numbers and email addresses, to our authorized representatives and alternate authorized representative and to the Stock Exchange. In the event that a Director expects to be traveling or otherwise be out of office, he/she will provide the phone number of the place of his/her accommodation or

other contact information to our authorized representatives and alternate authorized representative to ensure that each of our authorized representatives and alternate authorized representative will be able to contact all our Directors promptly at all times if and when the Stock Exchange wishes to contact our Directors.

(3) We have appointed Guotai Junan Capital Limited as our compliance advisor in accordance with Rule 3A.19 of the Listing Rules, which will serve as an additional and alternative channel of communication with the Stock Exchange in addition to our authorized representatives and alternate authorized representative. The compliance advisor will have reasonable access, at all times during the term of their appointment, to our authorized representatives, Directors and other officers of our Company, participate in the communication between the Stock Exchange and our Company and answer inquiries from the Stock Exchange.

(4) Any meeting between the Stock Exchange and our Directors will be arranged through our authorized representatives, alternate authorized representative or our compliance advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives, alternate authorized representative and our compliance advisor.

(5) We intend to retain our Hong Kong legal advisors on on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the [**REDACTED**].

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who possesses the necessary academic or professional qualifications or relevant experience, and is therefore capable to discharge the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(1) a member of The Hong Kong Chartered Governance Institute;

(2) a solicitor or a barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(3) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

(1) length of employment with the issuer and other issuers and the roles he/she has undertaken;

(2) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(3) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(4) professional qualifications in other jurisdictions.

Our Company has appointed each of Mr. Jiao Yang (焦陽) ("Mr. Jiao") and Mr. Zheng as one of our joint company secretaries. Mr. Jiao has more than 10 years of experience in investment banking and financial management industry. Leveraging his previous working experience in a PRC-based company listed on the Stock Exchange, investment management companies, investment banks and financial advisory firms, Mr. Jiao is familiar with securities laws and regulations and capital market practice in the PRC and Hong Kong. Serving as a vice president and joint company secretary of our Company, Mr. Jiao has actively participated in our business operation and preparation of the application for the [**REDACTED**]. Mr. Zheng joined our Group in 2017 and possesses relevant understanding and knowledge relating to the business operations and corporate culture of our Group. In his capacity as the securities affairs representative of our Board office, Mr. Zheng has actively participated in the preparation of the application for the [**REDACTED**] and possesses experience in matters relating to our Board and corporate governance of our Company. Having considered Mr. Jiao's and Mr. Zheng's expertise and backgrounds and that in addition to familiarity with securities regulations in Hong Kong, our Company recognizes the importance of (1) special knowledge and skills in the securities laws and regulations and capital market practice in the PRC, in particular for a company incorporated and operating in the PRC, (2) familiarity with our business operation and culture, and (3) experience and expertise in the financial and tax-related industry, our Directors consider that (i) both Mr. Jiao and Mr. Zheng are capable of discharging the functions of company secretaries and are suitable persons to perform such roles, and (ii) it is desirable to have both Mr. Jiao and Mr. Zheng serve as our joint company secretaries.

Mr. Jiao and Mr. Zheng have been designated with different responsibilities to discharge the duties of company secretaries, based on their different expertise and backgrounds. As our joint company secretaries, Mr. Jiao is primarily responsible for the capital market-related regulatory compliance, investor's relations and assisting our chief financial officer with fundraising matters and Mr. Zheng is primarily responsible for our internal secretarial work.

As Mr. Jiao and Mr. Zheng currently do not possess the qualifications under Rule 3.28 of the Listing Rules, and may not be able to fulfill the requirements of the Listing Rules on their own, we have appointed Mr. Chiu, a fellow member of the Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), who is qualified under Rule 3.28 of the Listing Rules to act as the other company secretary and to work closely with and provide assistance to Mr. Jiao and Mr. Zheng for an initial period of three years commencing from the [**REDACTED**].

The following arrangements have been, or will be, put in place to assist Mr. Jiao and Mr. Zheng in acquiring the qualifications and experience as the joint company secretaries of our Company required under Rules 3.28 and 8.17 of the Listing Rules:

(1) In the course of the preparation of the application for the [**REDACTED**], Mr. Jiao and Mr. Zheng have been provided with a memorandum and have attended a training seminar on the respective obligations of our Directors and senior management and our Company under the relevant Hong Kong laws and the Listing Rules provided by our Hong Kong legal advisors.

(2) In addition to the minimum training requirements under Rule 3.29 of the Listing Rules, our Company will ensure that Mr. Jiao and Mr. Zheng continue to have access to relevant training and support to familiarize themselves with the Listing Rules and the duties of a company secretary of an issuer [**REDACTED**] on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Furthermore, our Company will ensure that Mr. Jiao, Mr. Zheng and Mr. Chiu will seek and have access to the advice from our Hong Kong legal advisors and other professional advisors as and when required.

(3) Mr. Chiu will assist Mr. Jiao and Mr. Zheng to acquire the "relevant experience" as required under Note 2 to Rule 3.28 of the Listing Rules and to discharge their duties as company secretaries. Mr. Jiao and Mr. Zheng will be assisted by Mr. Chiu for an initial period of three years commencing from the [**REDACTED**]. As part of the arrangement, Mr. Chiu will act as one of the joint company secretaries and communicate regularly with Mr. Jiao and Mr. Zheng on matters relating to corporate governance, the Listing Rules as well as other laws and regulations which are relevant to our Company. He will also assist Mr. Jiao and Mr. Zheng in organizing Board meetings and Shareholders' meetings as well as other matters of our Company which are incidental to the duties of a company secretary.

(4) Our Company has appointed the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, which will act as our additional channel of communication with the Stock Exchange and provide professional guidance and advice to us and our joint company secretaries as to compliance with the Listing Rules and all other applicable laws and regulations.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when Mr. Chiu ceases to provide such assistance or ceases to meet the requirements under Rule 3.28 of the Listing Rules, or if there are material breaches of the Listing Rules by our Company during the three-year period from the [**REDACTED**]. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Jiao and Mr. Zheng, having had the benefit of Mr. Chiu's assistance for three years, will have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See "Directors, Supervisors and Senior Management" for the biographical details of Mr. Jiao, Mr. Zheng and Mr. Chiu.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules following the completion of the [**REDACTED**]. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the rules regarding the relevant requirements under Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. See "Connected Transactions" for details.

WAIVER IN RELATION TO RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Pursuant to Rule 4.04(1) of the Listing Rules, the Accountants' Report contained in this document must include, inter alia, the results of our Company in respect of each of the three financial years immediately preceding the issue of this document or such shorter period as may be acceptable to the Stock Exchange.

Pursuant to section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, all prospectuses shall include the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and it sets out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Pursuant to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this document a statement as to the gross trading income or sales turnover (as the case may be) of our Company during each of the three financial years immediately preceding the issue of this document as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

Pursuant to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this document a report by our Company's auditor with respect to profits and losses in respect of each of the three financial years immediately preceding the issue of the document and assets and liabilities of the Company at the last date to which the financial statements of the Company were prepared.

Pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the [**REDACTED**] and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

The Accountants' Report for each of the three years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023 has been prepared and is set out in Appendix I to this document.

Pursuant to the relevant requirements set out above, our Company is required to produce three full years audited accounts for the years ended December 31, 2021, 2022 and 2023. However, an application has been made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver [has been granted] by the Stock Exchange on the conditions that:

(a) we will include in this document the financial information for the latest financial year ended December 31, 2023 and a commentary on the results for the year. The financial information to be included in this document must (i) follow the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules; and (ii) be agreed with the reporting accountant following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants;

(b) this document will be issued and the H Shares will be [**REDACTED**] on the Stock Exchange on or before March 31, 2024 (i.e. within three months after the end of our Company's latest financial year immediately preceding the issue of this document); and

(c) our Company obtains a certificate of exemption from the SFC from strict compliance with the requirements under section 342(1)(b) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

An application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1)(b) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and a certificate of exemption [has been granted] by the SFC under section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that (i) the particulars of the exemption be set out in this document; and (ii) this document be issued and the H Shares be [**REDACTED**] on the Stock Exchange on or before March 31, 2024, namely within three months after the end of the Company's latest financial year immediately preceding the issue of this document.

The applications to Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1)(b) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance have been made on the grounds, among others, that strict compliance with the above requirements would be unduly burdensome and the exemption would not prejudice the interests of the [**REDACTED**] as:

(a) there would not be sufficient time for our Company and the Reporting Accountants to finalize the audited financial statements for the year ended December 31, 2023 for inclusion in this document. If the financial information for the year ended December 31, 2023 is required to be audited, our Company and the Reporting Accountants would have to carry out substantial volume of work to prepare, update and finalize the Accountant's Report and the document, and the relevant sections of the document will need to be updated to cover such additional period. This would involve additional time and costs since substantial work is required to be carried out for audit purposes. It would be unduly burdensome for the audited results for the year ended December 31, 2023 to be finalized in a short period of time. Our Directors consider that the benefits of such work to the existing and prospective shareholders of our Company may not justify the additional work and expenses involved and the delay of the [**REDACTED**] timetable;

(b) our Directors herein confirm that, up to the date of document, except to the extent disclosed in "Recent Development" in the sections headed "Summary" and "Financial Information" in this document, there has been no material adverse change in the Group's financial, operational, or [**REDACTED**] position or prospects since September 30, 2023, and there has been no event since September 30, 2023 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this document, the preliminary financial information of the Group for the year ended December 31, 2023 and commentary on such results for the year as set out in Appendix IA to this document and the sections headed "Summary" and "Financial Information" in this document;

(c) our Company is of the view that the Accountants' Report covering the three years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023, together with the financial information for the year ended December 31, 2023 and commentary on the results for the year included in this document have already provided the potential [**REDACTED**] with adequate and reasonably up-to-date information in the circumstances to form a view on the track record and earnings trend of our Company; and our Directors and the Sole Sponsor confirm that all information which is necessary for the [**REDACTED**] to make an informed assessment of the business, assets and liabilities, financial position, trading position, management and prospects included in this document. Therefore, the waiver and exemption would not prejudice the interests of the [**REDACTED**];

(d) we will not breach our constitutional documents, laws or regulations of the PRC or other regulatory requirements as a result of not publishing our preliminary results announcement for the year ended December 31, 2023 in accordance with Rule 13.49(1) of the Listing Rules. Pursuant to the note to Rule 13.49(1) of the Listing Rules, we will publish an announcement after the [**REDACTED**] and no later than March 31, 2024 stating that the relevant financial information has been included in this document; and

(e) we will comply with the requirements under Rules 13.46(2) and 13.49(1) of the Listing Rules in respect of the publication of our annual results and annual report. Our Company currently expects to issue our annual results and annual report for the financial year ended December 31, 2023 on or before March 31, 2024 and April 30, 2024, respectively. In this regard, our Directors consider that the Shareholders, the [**REDACTED**] as well as potential [**REDACTED**] of our Company will be kept informed of the financial results of our Group for the financial year ended December 31, 2023.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. Chen Jie (陳杰)	15-2-102, Ru Yuan Ju North Lane Xibeiwang Third Street Haidian District Beijing PRC	Chinese
Mr. Yang Zhengdao (楊正道)	Room 2306, Building No. 7 Yard No. 32 South, Baiziwan Road Chaoyang District Beijing PRC	Chinese
Mr. Zou Yan (鄒岩)	Room 1108, Building No. 111 Shaoyaoju Beili Chaoyang District Beijing PRC	Chinese
Ms. Jin Xin (金鑫)	Room 2B, Building No. 10 Division 4, Yuanda Garden Century City, Haidian District Beijing PRC	Chinese
Non-executive Directors		
Mr. Huang Miao (黃淼)	9-A-102, Taoyuan Apartment Changzhou Jiangsu Province PRC	Chinese
Mr. Diao Juanhuan (刁雋桓)	Room D202, Building No. 2 Great Wall Tower Futian District, Shenzhen Guangdong Province PRC	Chinese

Independent non-executive Directors

Mr. Tian Lixin (田立新)	2-1-1001, Xinlicheng Jiayuan Airport Economic Area Tianjin PRC	Chinese
Dr. Wu Changhai (武長海)	Room 401, Division No. 1 Building No. 116 Qingshuiwan West Garden Tongzhou District Beijing PRC	Chinese
Dr. Song Hua (宋華)	Room 1302, Division No. 2 Building No. 6 Changqingyuan No. 2 Zone Haidian District Beijing PRC	Chinese
Mr. Ng Kwok Yin (吳國賢)	Flat A, 51/F, Tower 3 The Harbourside 1 Austin Road West Tsim Sha Tsui, Kowloon Hong Kong	Chinese

SUPERVISORS

Name	Address	Nationality
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Ms. Shi Haixia (史海霞)	Room 1807, Tower A Building No. 210 East Wangjing Garden Chaoyang District Beijing PRC	Chinese
Mr. Luo Wenhong (羅文宏)	Room 3306, Tower B, Phase III, Tianehu Garden 4261 Qiaoxiang Road Nanshan District, Shenzhen Guangdong Province PRC	Chinese

For the biographies and other relevant information of our Directors and Supervisors, see "Directors, Supervisors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**Haitong International Capital Limited** Suites 3001-3006 and 3015-3016 One International Finance Centre 1 Harbour View Street Central Hong Kong

[REDACTED]

Legal Advisors to the Company	*as to Hong Kong and U.S. laws:* **Wilson Sonsini Goodrich & Rosati** Suite 1509, 15/F, Jardine House 1 Connaught Place Central Hong Kong
	as to PRC law: **Tian Yuan Law Firm** 5/F, Tower A, Corporate Square 35 Financial Street Xicheng District Beijing PRC
Legal Advisors to the Sole Sponsor and [REDACTED]	*as to Hong Kong and U.S. laws:* **Latham & Watkins LLP** 18th Floor, One Exchange Square 8 Connaught Place Central Hong Kong
	as to PRC law: **Commerce & Finance Law Offices** 12-14th Floor China World Office 2 No. 1 Jianguomenwai Avenue Chaoyang District Beijing PRC
Auditors and Reporting Accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditors* 35/F One Pacific Place 88 Queensway Hong Kong

Independent Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2505, Wheelock Square No. 1717 West Nanjing Road Jing'an District Shanghai PRC

[**REDACTED**]

Registered Office in the PRC	14/F & 15/F, Building No. 1 Division 1, No. 81 Beiqing Road Haidian District Beijing PRC
Headquarters and Principal Place of Business in the PRC	14/F & 15/F, Building No. 1 Division 1, No. 81 Beiqing Road Haidian District Beijing PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company Website	www.baiwang.com (Information contained on this website does not form part of this document)
Joint Company Secretaries	Mr. Jiao Yang (焦陽) 14/F & 15/F, Building No. 1 Division 1, No. 81 Beiqing Road Haidian District Beijing PRC Mr. Zheng Tianhao (鄭天昊) 14/F & 15/F, Building No. 1 Division 1, No. 81 Beiqing Road Haidian District Beijing PRC Mr. Chiu Ming King (趙明璟) *(Fellow member of The Hong Kong Chartered Governance Institute)* Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

CORPORATE INFORMATION

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	Mr. Zheng Tianhao (鄭天昊) 14/F & 15/F, Building No. 1 Division 1, No. 81 Beiqing Road Haidian District Beijing PRC
Alternate Authorized Representative	Mr. Chiu Ming King (趙明璟) Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
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Audit Committee	Mr. Ng Kwok Yin (吳國賢) *(chairman)* Mr. Tian Lixin (田立新) Dr. Song Hua (宋華)
Remuneration and Appraisal Committee	Dr. Wu Changhai (武長海) *(chairman)* Mr. Yang Zhengdao (楊正道) Mr. Ng Kwok Yin (吳國賢)
Compliance Advisor	**Guotai Junan Capital Limited** 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

[**REDACTED**]

Principal Banks	**Bank of Beijing** Weigongcun Branch 1/F, Zhongyang Building No. 25 Zhongguancun South Avenue Haidian District Beijing PRC
	China Minsheng Bank Beijing Shangdi Branch 1/F, Building No. 4 Division No. 1, Shangdi Dongli Haidian District Beijing PRC
	Industrial and Commercial Bank of China Beijing Yongding Road Branch No. 27 Taiping Road Haidian District Beijing PRC

Unless otherwise indicated, the information contained in this section is derived from various governmental and official publications, other publications and the market research report commissioned by us and prepared by Frost & Sullivan. We believe that the sources of information are appropriate, and we have taken reasonable and cautious care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. We, the Sole Sponsor, the [**REDACTED**] *or any of our or their respective directors, senior management, representatives or any other person involved in the* [**REDACTED**]*, except Frost and Sullivan, have not independently verified information and statistics from official government sources and have made no representation as to the accuracy and completeness thereof.*

SOURCE OF INFORMATION

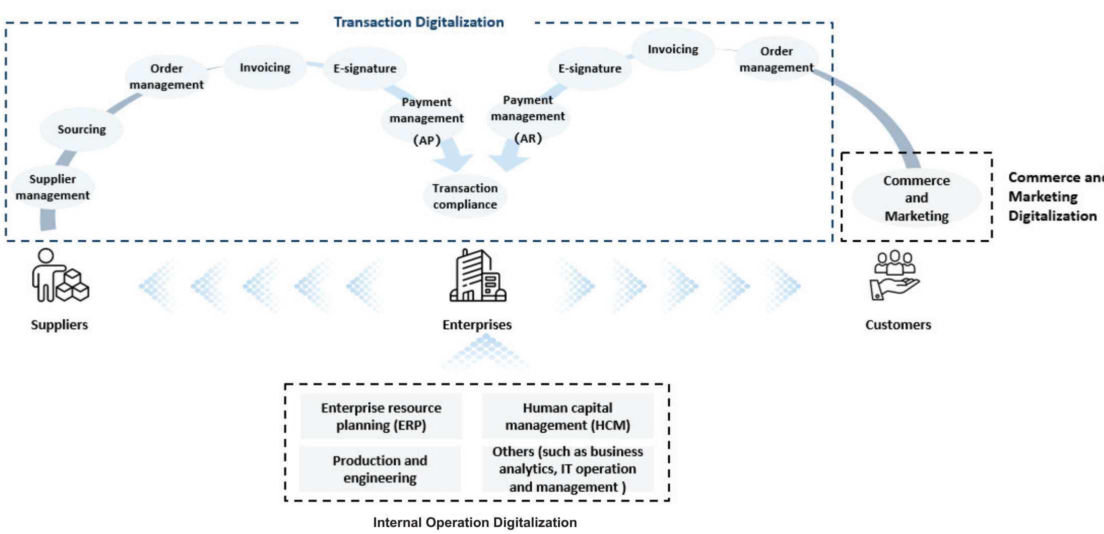
This section includes information from a report commissioned by us and prepared by Frost & Sullivan (the "F&S Report"), as we believe the F&S Report imparts a greater understanding of (1) China's financial and tax-related transaction digitalization market, and (2) China's market of transaction-based big data analytics for SMB financing (collectively, the "Relevant Industries") for the period from 2018 to 2027. Frost & Sullivan, an independent third party, is a consulting firm founded in 1961 and provides professional industry consulting services across multiple industries. We have agreed to pay a commission fee of RMB650,000 for the F&S Report. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the F&S Report. Figures and statistics provided in this document and attributed to Frost & Sullivan or the F&S Report have been extracted from the F&S Report and published with the consent of Frost & Sullivan.

In preparing the F&S Report, Frost & Sullivan conducted both primary and secondary research through a variety of resources. Primary research involved discussions and interviews with leading industry participants regarding industry status. Secondary research involved analyzing information and statistics published by government authorities, industry associations, publications and studies by industry experts, public company's corporate reports, online resources and data from Frost & Sullivan's research database. The market projections in the F&S Report are based on the following key assumptions: (1) the social, economic and political environment in China will remain stable in the forecast period; (2) related key industry drivers are likely to continue driving the growth of the Relevant Industries during the forecast period; (3) the data quoted from authorities remains unchanged; and (4) there are no force majeure events or new industry-wide regulations which would drastically or fundamentally affect the Relevant Industries.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report. Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the F&S Report that would materially qualify, contradict or have an impact on such information.

CHINA'S ENTERPRISE DIGITALIZATION MARKET

Enterprise digitalization solutions are digitalization solutions that improve the level of business intelligence, and the digitalization and automation of business processes. Enterprise digitalization solutions can be classified, by business functions, into the digitalization of (1) transaction, (2) commerce and marketing, and (3) internal operation. Transaction digitalization solutions enable full-cycle management for transactions between enterprises and their customers and suppliers, from supplier management and product and service sourcing to order management, invoicing and transaction compliance management. Commerce and marketing digitalization solutions enable enterprises to manage marketing activities, discover sales leads and manage client relationships, thereby achieving customer and sales growth. Internal operation digitalization solutions enable enterprises to digitalize daily operational activities within the enterprises, such as resource planning and management, and human capital management. The following diagram illustrates business functions of each type of enterprise digitalization solutions.

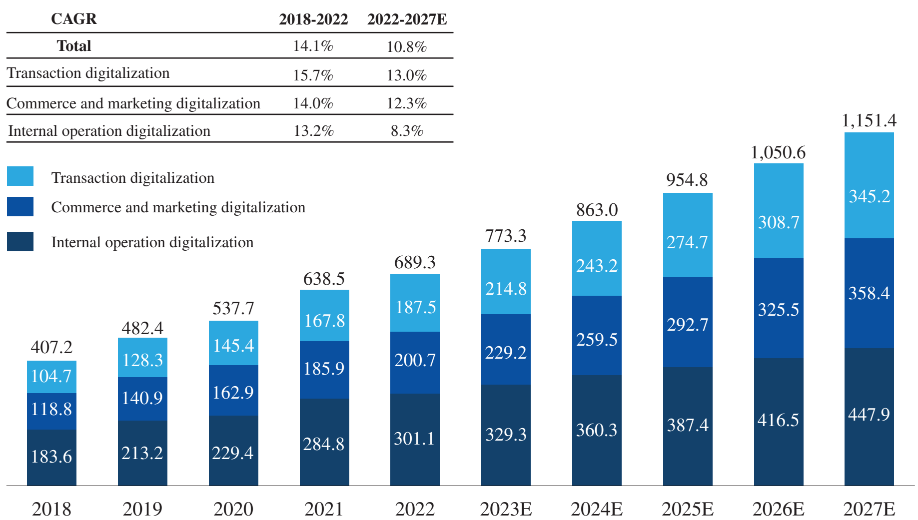


Source: Frost & Sullivan

Enterprises have increasingly recognized the benefits brought by enterprise digitalization solutions, including improvement in efficiency, cost-saving and compliance, which contribute to the continual growth of China's enterprise digitalization market. China's enterprise digitalization market, in terms of revenue, increased from RMB407.2 billion in 2018 to RMB689.3 billion in 2022, at a CAGR of 14.1%, and is expected to further reach RMB1,151.4 billion in 2027, at a CAGR of 10.8% from 2022 to 2027. The following chart illustrates the size of China's enterprise digitalization market for the periods indicated.

China's Enterprise Digitalization Market, in Terms of Revenue

RMB Billion, 2018-2027E



Source: F&S Report

Drivers of China's Enterprise Digitalization Market

According to the F&S Report, the following are key growth drivers of China's enterprise digitalization market.

Prominent need for efficiency improvement. As enterprises expand in scale, the complexities with respect to enterprises' overall business management increase accordingly, which gives rise to their demands for efficient, automated and reliable solutions. Moreover, the impact of COVID-19 pandemic on the offline activities has accentuated the importance of digitalized operations. The growing demand for digitalization, automation and operational efficiency is expected to propel the adoption of enterprise digitalization solutions among enterprises in China.

Adoption of cutting-edge technologies. Cutting-edge technologies, such as cloud computing, big data analytics, AI and blockchain technologies have sparkled the innovation and digital transformation for enterprise operations. For instance, enterprises can utilize data insights for their real-time and fact-based decision-making. As more enterprises recognize benefits of cutting-edge technologies, the demand for digital transformation is expected to continue to increase.

Favorable government policies. Government authorities in China have promulgated favorable policies to propel the development of enterprise digitalization. For instance, the State Council of China, jointly with the Central Committee of Communist Party of China, issued Overall Layout Plan for the Construction of Digital China *(數字中國建設整體佈局規劃)* in 2023, which regards digitalization as an important engine for China's modernization.

CHINA'S FINANCIAL AND TAX-RELATED TRANSACTION DIGITALIZATION MARKET

The large number of enterprises in China, their massive volume of transactions and demands for digitalization contribute to the growth momentum of China's transaction digitalization market in terms of revenue, which increased from RMB104.7 billion in 2018 to RMB187.5 billion in 2022, at a CAGR of 15.7%, and is expected to further increase to RMB345.2 billion in 2027, at a CAGR of 13.0% from 2022 to 2027. According to the F&S report, the growth rate of China's transaction digitalization market is expected to outpace that of the overall enterprise digitalization market, because enterprises' internal operation digitalization is a prerequisite for them to effectuate transaction digitalization, and China's internal operation digitalization market has reached a more mature stage and demonstrated relatively slow growth rate. Transaction digitalization solutions comprise digital payment solutions, financial and tax-related transaction digitalization solutions, and various other solutions, such as contract management solutions.

Overview of China's Financial and Tax-related Transaction Digitalization Market

Financial and tax-related transaction digitalization solutions enable enterprises to conduct financial and tax management based on transaction data, including invoices, bills, and other types of digital documents involved in business transactions. Financial and tax-related transaction digitalization solutions, by functions, mainly include e-invoice compliance management solutions, intelligent financial and tax management solutions, and intelligent supply chain collaboration solutions.

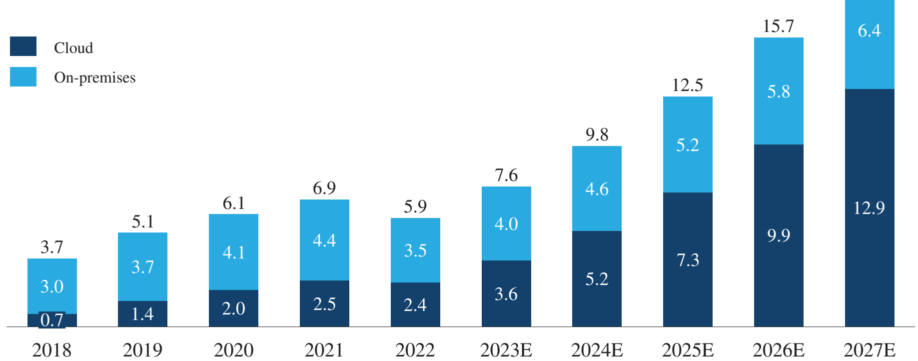
E-invoice compliance management solutions centralize invoice management activities of an enterprise on a unified platform and digitalize the entire management process, including among others, issuance, delivery, verification and storage, which reduces the need for manual processing and improves transaction and management efficiency. Moreover, e-invoice compliance management solutions enable enterprises to strengthen their compliance status and lower error rates through built-in codes and algorithms configured based on relevant tax and accounting rules. Intelligent financial and tax management solutions refer to a wide range of applications that digitalize management of enterprise spending, tax filing and accounting archive. By tracking and analyzing enterprises' spending patterns and automating expenditure reimbursement processes, intelligent financial and tax management solutions help streamline enterprise budget control and the cumbersome manual reimbursement procedures. Intelligent supply chain collaboration solutions assist with enterprises' procurement process, ranging from product and service requisitioning to transaction settlement. Driven by the need to increase operational efficiency while remaining compliant with relevant tax regulations, China's financial and tax-related transaction digitalization market, in terms of revenue, increased from RMB3.7 billion in 2018 to RMB5.9 billion in 2022, at a CAGR of 12.4%, and is expected to reach RMB19.3 billion in 2027, at a CAGR of 26.7% from 2022 to 2027.

China's financial and tax-related transaction digitalization solutions consist of cloud and on-premises solutions. China's cloud financial and tax-related transaction digitalization market, in terms of revenue, increased from RMB0.7 billion in 2018 to RMB2.4 billion in 2022, at a CAGR of 36.1%, and is expected to reach RMB12.9 billion in 2027, at a CAGR of 40.0% from 2022 to 2027. The proportion of China's cloud financial and tax-related transaction digitalization market, in terms of revenue, in the overall financial and tax-related transaction digitalization market increased from 18.9% in 2018 to 40.7% in 2022 and is expected to reach 66.8% in 2027, driven by the increase in market demand for operational efficiency and market acceptance of cloud solutions. The following chart illustrates the market size of China's financial and tax-related transaction digitalization for the periods indicated.

China's Financial and Tax-related Transaction Digitalization Market, in Terms of Revenue

RMB Billion, 2018-2027E

CAGR	2018-2022	2022-2027E
Total	12.4%	26.7%
Cloud	36.1%	40.0%
On-premises	3.9%	12.8%



Source: F&S Report

Drivers and Trends of China's Financial and Tax-related Transaction Digitalization Market

According to the F&S Report, the following are key growth drivers and trends of China's financial and tax-related transaction digitalization market.

Government-initiated tax and e-invoice reform. An increasing number of government initiatives have aimed to promote enterprises' digital transformation in the areas of invoice, financial and tax management to drive economic growth and achieve more effective administration. Such government initiatives include Announcement of the State Administration of Taxation on Issues Relating to Promoting Issuance of Electronic Ordinary VAT Invoices through the Electronic VAT Invoice System (國家稅務總局關於推行通過增值稅電子發票系統開具的增值稅電子普通發票有關問題的公告) and Opinions on Further Deepening the Reform of Tax Collection and Administration (關於進一步深化稅收徵管改革的意見). Furthermore, since the implementation of B2V tax reform, SAT's action plan to combine the internet and taxation management, and the recent development of Golden Tax Project (金稅工程), there has been substantial increase in the penetration rate and popularization of e-invoice solutions among enterprises in China.

Rapid development of compliance and information security technologies. Financial and tax-related transaction digitalization solutions utilize advanced compliance and information security technologies to timely detect and rectify security loopholes, fraud and manual errors occurring in enterprises' internal and external business activities. Furthermore, with the increasingly reliable IT infrastructure and the development of data security technologies, such as digital signatures, cryptographic algorithms and OFD template, financial and tax-related transaction digitalization solutions can enable secured end-to-end transaction process. These technologies are expected to further improve the reliability and effectiveness of financial and tax-related transaction digitalization solutions, which will drive enterprises' adoption of such solutions.

Competitive Landscape of China's Financial and Tax-related Transaction Digitalization Market

China's financial and tax-related transaction digitalization market is relatively fragmented, with the top five market players accounting for 21.3% of total market share in terms of revenue in 2022. We ranked second in China's financial and tax-related transaction digitalization market, in terms of revenue, accounting for 4.3% of market share in 2022, according to the F&S Report. The following table sets out our ranking in China's financial and tax-related transaction digitalization market in terms of revenue in 2022.

Company	Revenue	Market Share
	(RMB million)	*(%)*
Company A[(1)]	410	6.9
Our Group	251	4.3
Company B[(2)]	244	4.1
Company C[(3)]	180	3.1
Company D[(4)]	170	2.9

Source: F&S Report

(1) Company A is a listed company on Shanghai Stock Exchange with a registered capital of RMB1,863 million, founded in 2000 and headquartered in Beijing. Company A is a traditional invoice-based solution provider, whose business covers invoice issuance and invoice and tax compliance. As of December 31, 2022, the number of employees of Company A was approximately 18,485.

(2) Company B is a private company with a registered capital of RMB88 million, founded in 2017 and headquartered in Shanghai. Company B is an emerging cloud solution provider whose business focuses on the automated process of external procurement sourcing and reconciliation and settlement. As of December 31, 2022, the number of employees of Company B was approximately 135.

(3) Company C is a private company with a registered capital of RMB10 million, founded in 2014 and headquartered in Beijing. Company C is a cloud solution provider that helps enterprises achieve cost reduction and efficiency improvement through a cloud reimbursement platform. As of December 31, 2022, the number of employees of Company C was approximately 90.

(4) Company D is a private company with a registered capital of RMB67 million, founded in 2016 and headquartered in Beijing. Company D is a cloud solution provider with software and value-added services offerings, including invoice issuance, enterprise reimbursement management, tax declaration, and tax compliance risk control. As of December 31, 2022, the number of employees of Company D was approximately 210.

Among the cloud financial and tax-related transaction digitalization solution providers in China, we ranked first in terms of revenue, accounting for a market share of 6.6%. In addition, with approximately 0.7 billion invoice processing requests fulfilled and approximately 1.7 billion VAT invoices issued through our cloud solutions in 2022, we ranked first and second among financial and tax-related transaction digitalization solution providers in China, respectively.

Ranking of China's Cloud Financial and Tax-related Transaction Digitalization Solutions Providers in Terms of Revenue in 2022

Company	Revenue	Market Share
	(RMB million)	*(%)*
Our Group	158	6.6
Company E[(1)]	150	6.3
Company C[(2)]	144	6.0
Company B[(2)]	98	4.1
Company D[(2)]	68	2.8

Source: F&S Report

(1) Company E is a private company with a registered capital of RMB10 million, founded in 2015 and headquartered in Shanghai. Company E is an emerging cloud solution provider focusing on intelligent supply chain collaboration and VAT invoicing compliance via its cloud invoice management platform. As of December 31, 2022, the number of employees of Company E was approximately 110.

(2) See footnotes (2) through (4) to the first table under this sub-section.

Ranking of China's Financial and Tax-related Transaction Digitalization Solution Providers in 2022

Company	In terms of the number of invoice processing requests* fulfilled through cloud solutions in 2022
	(in Billion)
Our Group	0.7
Company A[(1)]	0.6
Company D[(2)]	0.3

Company	In terms of the number of VAT invoices issued through cloud solutions in 2022
	(in Billion)
Company A[(1)]	2.0
Our Group	1.7
Company D[(1)]	1.0

Source: F&S Report

* The number of invoice processing requests counts each request for invoice collection, verification, download, and certification for tax deduction.

(1) See footnote (1) to the first table under this sub-section.

(2) See footnote (4) to the first table under this sub-section.

Entry Barriers of China's Financial and Tax-related Transaction Digitalization Market

According to the F&S Report, the following are entry barriers of China's financial and tax-related transaction digitalization market.

Technology capabilities. Leading market players typically possess more advanced technologies to assure functionality, reliability and security of solution offerings. Such technological capabilities would take significant amount of time for new market entrants to develop. Moreover, seasoned solution providers, having accumulated more industry-specific experience and know-how through serving customers of various industries, are more capable of providing industry-customized solutions that precisely target industry-specific pain points.

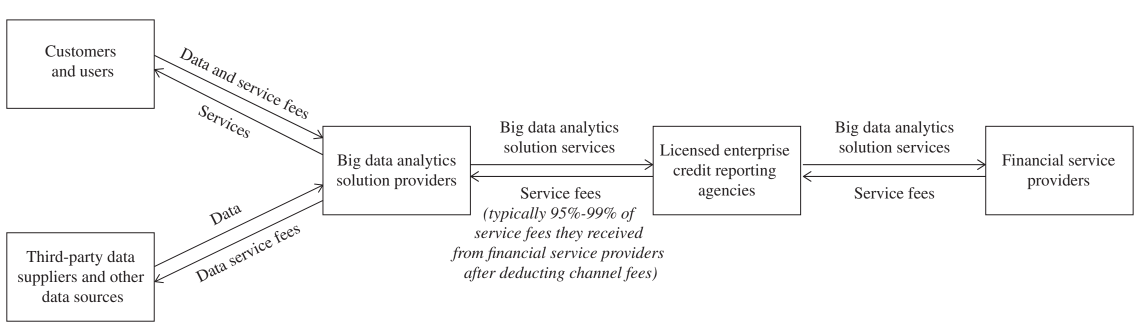
One-stop service capabilities. Enterprises have increasing demands for one-stop financial and tax-related transaction digitalization solutions for centralized and convenient management. Such one-stop service capabilities require expertise on a diverse range of service areas, including invoice, financial and tax management, as well as supply chain collaboration. New market entrants require a substantial amount of time and resources to develop such expertise.

Experience in collaborating with regulatory authorities. As the financial and tax-related transaction digitalization solutions, especially the e-invoice compliance management solutions, are designed to strengthen enterprises' compliance with applicable laws and regulations, leading market players that work closely with regulatory authorities and possess more accurate understanding of regulations and policies can develop more effective compliance solutions, as compared to new market entrants.

CHINA'S BIG DATA ANALYTICS FOR SMB FINANCING MARKET

Big data analytics solutions offer data-generated insights to identify and correlate hidden patterns based on massive volume of data. Participants of China's big data analytics market primarily include (1) data suppliers, which collect and transmit data related to consumer behavior, enterprises' operations, among others; (2) data analytics technology suppliers; and (3) big data analytics solution providers, which integrate data and data analytics technology into their product and service offerings.

There are two types of credit reporting agencies in China, namely individual credit reporting agencies (個人徵信機構) and enterprise credit reporting agencies (企業徵信機構). As of August 2023, there were two licensed individual credit reporting agencies and 149 licensed enterprise credit reporting agencies. Licensed enterprise credit reporting agencies are important market players in the big data analytics for SMB financing market, as it is common practice for big data analytics solution providers to collaborate with licensed enterprise credit reporting agencies to provide big data analytics services to financial service providers while ensuring compliance with the Administrative Measures for Credit Reporting Business (the "2021 Administrative Measures") after it took effect. Under the collaboration arrangement between licensed enterprise credit reporting agencies and big data analytics solutions providers, licensed enterprise credit reporting agencies typically procure data and data analytics services from big data analytics solution providers and deliver such services to financial service providers, while maintaining the requisite licenses and government approvals for carrying out such activities. Such licensed enterprise credit reporting agencies are required to complete record-filing procedures with the People's Bank of China as prescribed under the 2021 Administrative Measures, in order for them to provide credit reporting services for financial service providers. The following diagram illustrates the typical transaction and information flow among data suppliers, licensed enterprise credit reporting agencies, financial service providers and big data analytics solution providers after the 2021 Administrative Measures took effect.



According to the F&S Report, licensed enterprise credit reporting agencies typically lack proprietary data assets and access thereto, and as a result, many licensed enterprise credit reporting agencies would collaborate with big data analytics solution providers. Due to market competition and lack of differentiated product and service offerings, licensed enterprise credit reporting agencies typically have relatively low profit profiles.

Customers of big data analytics solutions primarily include financial service providers and other enterprise customers. Enterprise customers typically adopt big data analytics solutions in the areas of marketing, risk management, product design, client relationship management and supply chain insights.

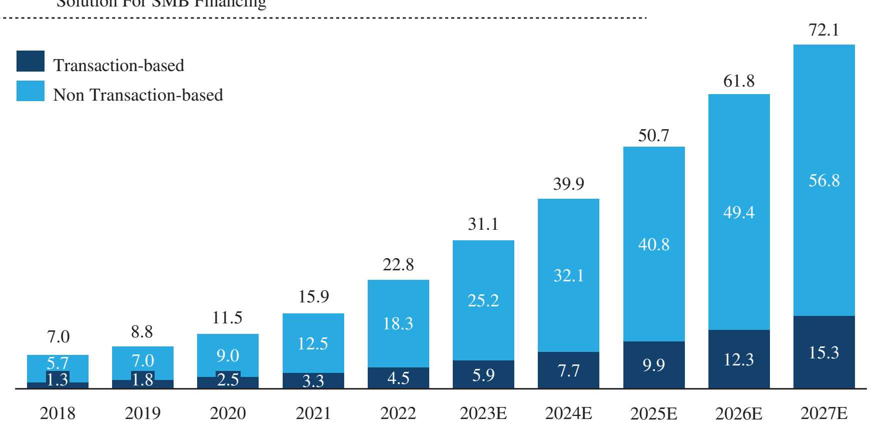
Big data analytics solutions are quickly adopted by China's financial service industry, as big data analytics solutions can help financial service providers identify potential financial product users, customize financial product marketing strategies and detect and monitor credit risks.

SMB financing refers to the provision of financing to small and micro-sized businesses by licensed financial service providers in China, including commercial banks, factoring and leasing companies, and micro-lending companies, among others. Growth potential of China's big data analytics for SMB financing market is evidenced by relevant loan balances with financial service providers in China, which increased from RMB33.5 trillion in 2018 to RMB59.7 trillion in 2022, at a CAGR of 15.5%, and is expected to reach RMB115.7 trillion in 2027, at a CAGR of 14.1% from 2022 to 2027. Financial service providers are willing to invest in big data analytics to leverage this market potential. China's big data analytics for SMB financing market, in terms of revenue, increased from RMB7.0 billion in 2018 to RMB22.8 billion in 2022, at a CAGR of 34.3% and is expected to reach RMB72.1 billion in 2027, at a CAGR of 25.9% from 2022 to 2027, as illustrated in the following chart.

Market Size of Big Data Analytics Solution For SMB Financing

RMB Billion, 2018-2027E

CAGR	2018-2022	2022-2027E
Total	34.3%	25.9%
Transaction-based Big Data Analytics Solution For SMB Financing	35.2%	28.0%
Non Transaction-based Big Data Analytics Solution For SMB Financing	34.1%	25.4%



Source: Frost & Sullivan

Transaction-based Big Data Analytics for SMB Financing Market

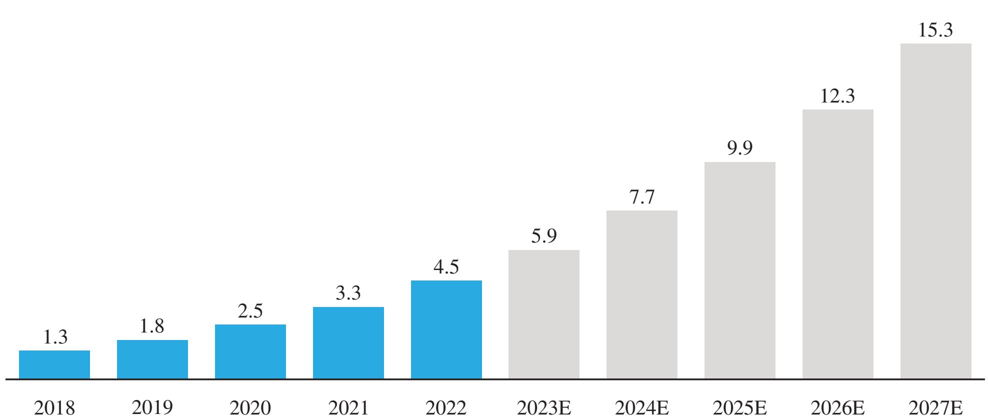
China's transaction-based big data analytics for SMB financing market utilizes primarily financial and tax-related data generated from enterprises' transaction information to optimize efficiency of the provision of SMB financing in China. As transactions directly reflect enterprises' operational performance, analytical results based on transactions can accurately and timely reflect the operation conditions and shed light on the financial performance of enterprises.

Transaction-based big data analytics for SMB financing have two major functions: marketing and risk management. As demands for financial services continue to increase in China, financial service providers are facing mounting challenges in efficiently and effectively identifying and reaching qualified financial product users. Big data analytics solutions built upon transaction data are able to reveal potential customers' financing, investment and insurance needs and enable financial service providers to precisely identify potential users for their financial products, and to subsequently launch tailored marketing campaigns. Transaction-based big data analytics have also become one of the advanced and innovative approaches for financial service providers to monitor and minimize risk exposure. To construct a reliable and comprehensive risk profile of users, financial service providers need a large amount of information to conduct relevant risk analysis. Big data analytics based on transactions, reflecting users' financial condition and spending patterns and historical payment records, enable financial service providers to review and predict potential customers' financing needs, and subsequently conduct risk evaluation and adopt risk mitigation measures.

China's Transaction-based Big Data Analytics For SMB Financing Market, in Terms of Revenue

RMB Billion, 2018-2027E

	2018-2022	2022-2027E
CAGR	35.2%	28.0%



Source: F&S Report

Key Trends and Drivers

According to the F&S Report, the following are the key trends and drivers of China's transaction-based big data analytics for SMB financing market.

Rising preference for independent data analytics solutions. As financial service providers have attached greater importance to data objectivity and neutrality, many of them have procured independent big data analytics solutions for risk monitoring and assessment.

Growing demand for multi-dimensional data resources. In order to understand and verify the financial and operation status of financial product users, financial service providers increasingly rely on multi-dimensional data resources, such as invoice and transaction data, based on which they can also customize marketing strategies and recommend products correspondingly.

Technology advancement. Technology advancement in AI, cloud computing and other technologies in recent years have improved the precision and effective risk control of big data analytics solutions, which is expected to promote the adoption of big data analytics solutions among financial service providers and drive overall market growth.

Entry Barriers

According to the F&S Report, the following are the key entry barriers of China's transaction-based big data analytics for SMB financing market.

Technology barrier. Transaction-based big data analytics solution providers need to keep enhancing their technological capabilities and optimizing precision and accuracy of their solution offerings, in order to keep up with market trends and customer demands. A fundamental challenge for new market entrants is to properly utilize the vast volume and diversity of transaction-related data generated from various business activities. Deriving useful insights from such data requires sophisticated data processing infrastructure and robust analytical capabilities. Moreover, different transaction documents typically bear different formats or structures, presenting challenges for new market entrants to consolidate and analyze data consistently.

Data barrier. Effective solutions are based on authentic, voluminous, multi-dimensional and high-quality transaction data accumulated over time. New market entrants, with limited industry resources, may lack sufficient access to such data.

Brand barrier. Financial service providers value data security and solution reliability. Financial service providers are more willing to collaborate with reputable solution providers with secure and reliable solution offerings. New market entrants may not be able to establish brand influence and reputation at the outset of their business.

Competitive Landscape of China's Transaction-based Big Data Analytics for SMB Financing Market

We ranked second in China's transaction-based big data analytics for SMB financing market in terms of revenue in 2022. The following table sets forth our position in China's transaction-based big data analytics for SMB financing market as compared to other market participants in terms of revenue in 2022.

Ranking	Company	Revenue	Market Share
		(RMB million)	*(%)*
1	Company A[(1)]	677	15.2
2	Our Group	264	5.9
3	Company F[(2)]	105	2.4
4	Company G[(3)]	35	0.8
5	Company E[(4)]	23	0.5

Source: F&S Report

(1) See footnote (1) to the first table under the sub-section headed "—China's Financial and Tax-related Transaction Digitalization Market—Competitive Landscape of China's Financial and Tax-related Transaction Digitalization Market."

(2) Company F is a listed company on the Hong Kong Stock Exchange with a registered capital of RMB530 million, founded in 1993 and headquartered in Shanghai. Company F is an enterprise digitalization solution provider. As of December 31, 2022, the number of employees of Company F was approximately 12,000.

(3) Company G is a listed company on Shanghai Stock Exchange with a registered capital of RMB3,436 million, founded in 1988 and headquartered in Beijing. Company G is an enterprise digitalization solution provider. As of December 31, 2022, the number of employees of Company G was approximately 25,000.

(4) See footnote (2) to the second table under the sub-section headed "—China's Financial and Tax-related Transaction Digitalization Market—Competitive Landscape of China's Financial and Tax-related Transaction Digitalization Market."

OVERVIEW

Our business in the PRC is subject to extensive supervision and regulatory control by the PRC government. This section sets out a summary of relevant laws and regulations that may have material impact on our business.

REGULATIONS ON CORPORATION

All companies established in the PRC are subject to the PRC Company Law (中華人民共和國公司法), which was promulgated by the SCNPC on December 29, 1993, implemented since July 1, 1994, and subsequently revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest amended PRC Company Law will come into effect on July 1, 2024. The main amendments in the PRC Company Law involve improving the company's establishment and exit system, optimizing the company's organizational structure, detailing exercise of shareholder rights, perfecting the company's capital system and strengthening the responsibilities of controlling shareholders and management personnel, etc. The PRC Company Law provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises. Where laws relating to foreign investment provide otherwise, such stipulations shall apply.

General Meeting

According to the Company Law, a general meeting of a company limited by shares shall be constituted by all the shareholders; the general meeting shall be the authority of the company and shall exercise duties and powers in accordance with the provisions of the Company Law.

A general meeting shall be convened once every year. An extraordinary general meeting shall be convened within two months in case of the certain events specified in the Company Law.

The Company Law has no specific provisions on the quorum of shareholders to attend the general meeting.

Under the Company Law, shareholders present at a general meeting have one vote for each share they hold, save that the company's shares held by the company are not entitled to any voting rights.

Under the Company Law, resolutions of the general meeting shall be passed by more than half of the voting rights held by shareholders (including those represented by proxy) attending the general meeting, with the exception of matters relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case shall be passed by at least two-thirds of the voting rights held by the shareholders (including those represented by proxy) attending the general meeting.

Shareholders may entrust a representative to attend the general meeting, and the representative shall submit a power of attorney to the company and exercise the voting rights within the scope of the authorization.

Transfer of shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established stock exchange or in other ways stipulated by the State Council. Registered shares shall be transferred by means of an endorsement by the relevant shareholders or by any other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Pursuant to the PRC Company Law, no modification of registration in the register of members caused by transfer of shares shall be carried out within 20 days prior to the convening of a shareholders' general meeting or within 5 days prior to the benchmark date set for determination of dividend distributions. However, where there are separate provisions by law on change of registration in the register of members of a [**REDACTED**] company, those provisions shall prevail.

Under the PRC Company Law, shares held by the promoters of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the [**REDACTED**] of its shares shall not be transferred within one year from the date of [**REDACTED**] of the shares of the company on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company each year during their term of office. They shall not transfer the shares they hold within one year from the date on which the company's shares are [**REDACTED**] and commence [**REDACTED**] on a stock exchange, nor within 6 months after their resignation from the company. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management.

Variation of class rights

The Company Law has no specific provision relating to variation of class rights. However, the Company Law states that the State Council may formulate separate regulations on companies issuing other types of shares which are not provided in the Company Law.

REGULATIONS ON FOREIGN INVESTMENT

On March 15, 2019, the Second Session of the 13th NPC of the PRC passed and promulgated the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "FIL"), which came into force on January 1, 2020. The FIL further expands the opening up, promotes foreign investment and protects the legitimate rights and interests of foreign investors. According to the FIL, the foreign investment refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organizations ("Foreign Investors") in the PRC, including the following: (1) Foreign Investors establishing foreign-invested enterprises in the PRC alone or collectively with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in the PRC alone or collectively with other investors; and (4) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. Foreign-invested enterprise refers to the enterprise that is wholly or partially invested by Foreign Investors and registered in the PRC under the PRC laws.

Foreign investments in various industries in the PRC shall be subject to the Catalog of Industries for Encouraged Foreign Investment (2022 Version) (鼓勵外商投資產業目錄(2022年版)) (the "Encouraged Catalog") which was promulgated on October 26, 2022 and implemented on January 1, 2023 and Special Administrative Measures for the Market Entry of Foreign Investment (2021 Version) (外商投資准入特別管理措施(負面清單)(2021年版)) (the "Negative List") which was promulgated on December 27, 2021 and implemented on January 1, 2022. According to the Encouraged Catalog and Negative List, foreign investment industries are classified into two categories, (1) industries in which foreign investments are encouraged by the Encouraged Catalog; and (2) industries in which foreign investments are restricted or prohibited by the Negative List. According to the Negative List, foreign equity share in a value-added telecommunication business shall not exceed 50% (excluding e-commerce, domestic multi-party communication, store-and-forward, and call center).

The State adopts the administrative system of pre-establishment national treatment and Negative List for foreign investment. A Foreign Investor shall not invest in any field prohibited from foreign investment under the Negative List. A Foreign Investor shall meet the investment conditions stipulated under the Negative List for any restricted fields under the Negative List. For fields not mentioned in the Negative List, domestic and foreign investments shall be treated equally. For foreign investment, the State established a foreign investment information reporting system. Foreign Investors or foreign-invested enterprises shall submit investment information to the competent commerce authorities through the enterprise registration system and the enterprise credit information publicity system.

REGULATIONS ON VALUE-ADDED TELECOMMUNICATION SERVICES

License for Value-added Telecommunications Services

According to the Telecommunications Regulation of the PRC (中華人民共和國電信條例), which was enacted on September 25, 2000 and recently amended on February 6, 2016, and the Administrative Measures for the Licensing of Telecommunications Business (電信業務經營許可管理辦法) (the "Telecom Licensing Measures"), which was promulgated on March 5, 2009, latest amended on July 3, 2017 and took effect on September 1, 2017, the telecommunication business may be operated only after a business permit has been obtained from the telecommunication administrative department according to the law. Telecommunications services are divided into basic telecommunications services and value-added telecommunications services. Value-added telecommunications services are defined as the services of providing telecommunications and information services by utilization of public network infrastructures.

According to the Telecommunications Business Classification Catalog (2015 version) (電信業務分類目錄(2015年版)) which came into force on March 1, 2016 and was amended on June 6, 2019 by MIIT, "B25 Information Services" under category "B Value-added Telecommunications Services" refer to the information services provided for users via the public communication network or the internet and by the information collection, development, processing and construction of information platforms. By technical service methods of information organization, transmission, etc., information services are classified into information release platforms and transmission services, information retrieval and inquiry services, information community platform services, instant information interaction services as well as information protection and processing services, etc.

Foreign Investment in Valued-Added Telecommunications Business

Foreign direct investment in telecommunications companies in China is governed by the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (外商投資電信企業管理規定), which was promulgated by the State Council on December 11, 2001 and amended on September 10, 2008, February 6, 2016 and March 29, 2022. The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises requires foreign-invested value-added telecommunications enterprises in China to be established as sino-foreign equity joint ventures, which the foreign investors may acquire up to 50% of the equity interests of such enterprise. In July 2006, the Ministry of Information Industry (the "MII"), the predecessor of the MIIT, released the Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (信息產業部關於加強外商投資經營增值電信業務管理的通知) (the "MII Notice"), pursuant to which, domestic telecommunications enterprises are prohibited to rent, transfer or sell a telecommunications business operation license to foreign investors in any form, or provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MII Notice, the Internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (or its shareholders).

Internet Information Services

According to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法) (the "Internet Measures"), which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, internet information services are categorized as either commercial or non-commercial services. The commercial internet information services are subject to a permit system while the non-commercial internet information services to a record-filing system. Entities engaged in providing commercial internet information services shall apply for a license for value-added telecommunication services of internet information services with the competent telecom administrative authority or State Council's department in charge of information industry. As for the operation of non-commercial internet information services, only a filing with the competent telecom administrative authority or State Council's department in charge of information industry is required.

Mobile Internet Applications Information Services

In addition to the Internet Measures above, mobile internet applications are specifically regulated by the Administrative Provisions on Mobile Internet Application Information Services (移動互聯網應用程序信息服務管理規定) (the "Mobile Application Administrative Provisions"), which was promulgated by the Cyberspace Administration of the PRC (the "CAC") on June 28, 2016 and amended on June 14, 2022. Pursuant to the Mobile Application Administrative Provisions, application information service providers and application information distribution platforms shall obtain the relevant qualifications prescribed by laws and regulations, strictly implement their information security management responsibilities and carry out certain duties, including establishing and completing users' information security protection mechanism and information content inspection and management mechanism, and performing various obligations to protect minors online.

Furthermore, on December 16, 2016, the MIIT promulgated the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals (移動智能終端應用軟件預置和分發管理暫行規定) (the "Mobile Application Interim Measures"), which came into force on July 1, 2017. The Mobile Application Interim Measures requires that the internet information service providers must ensure that the content of the application are legal, users' rights are protected, and relevant information of the application are expressed clearly, and the mobile application, as well as its ancillary resource files, configuration files and user data, among others, can be uninstalled by the users on a convenient basis, unless it is a basic function software, which refers to a software that supports the normal operation of hardware and operating system of a mobile smart device.

REGULATIONS ON FINANCE AND TAXATION MANAGEMENT

Electronic invoice services

According to the Administrative Measures of the PRC on Invoices (中華人民共和國發票管理辦法), which was promulgated by the State Council on December 23, 1993 and amended on December 20, 2010, March 2, 2019 and July 20, 2023, invoices shall mean proof of receipt and payment issued and collected for purchase and sale of commodities, provision or acceptance of services and other business activities. In order to further promote the application and promotion of electronic invoices and support the development of China's digital economy, on February 6, 2023, the National Archives Administration of China, MOF, MOC and SAT promulgated the Guide to the Whole-Process Electronic Management of Electronic Invoices (電子發票全流程電子化管理指南). According to the Guide to Whole-Process Electronic Management of Electronic Invoices, electronic Invoices refer to the receipt and payment vouchers issued and received in data messages during the purchase and sale of commodities, provision or acceptance of services and other business activities. Electronic invoices are available in layout document format and non-layout document format, which can be downloaded and stored in electronic storage devices and circulated in the form of digital messages.

On March 21, 2017, in order to satisfy the needs of taxpayers in using electronic general invoice for VAT and promote the electronic general invoice for VAT, SAT promulgated the Guidelines of the State Administration of Taxation on Promotion of Electronic General Invoice for VAT (國家稅務總局關於進一步做好增值稅電子普通發票推行工作的指導意見). Pursuant to such guidelines, electronic invoice service platform shall be mainly based on self-established by taxpayers, or provided by third parties. Electronic invoice service platform shall provide the generation, printing, search, delivery and other basic services of the layout documents of electronic invoice free of charge. SAT is in charge of developing the unified technical standards and management system for the electronic invoice service platform, and build the tax supervision platform to carry out supervision and management to the service platform. The electronic invoice service platform shall observe the unified technical standards and management system. The technical plan and management plan for the platform development shall be filed with the state taxation authorities for record.

According to the Announcement of MOF, SAT, NDRC, SASAC, State Administration for Market Regulation and National Archives Administration on the Notice of Cracking down on Arbitrary Charges imposed by Third Parties in the Name of Tax and Fee Deductions (國家稅務總局、國家發展改革委、財政部、國務院國有資產監督管理委員會、國家市場監督管理總局、國家檔案局關於堅決查處第三方涉稅服務借減稅降費巧立名目亂收費行為的通知) which was promulgated and became effective on April 4, 2019, third-party platforms for electronic invoices are required to go through record-filing of the names of operators, technical plans and management plans with provincial tax authorities. Where any operator fails to go through record-filing as required or fails to truthfully submit record-filing information, such operator shall be ordered to make correction within the specified time limit; if it fails to make correction within the time limit, it shall be prohibited from engaging in the services of third-party platforms for electronic invoices and subject to joint punishment imposed by relevant departments in accordance with laws and regulations.

Entrusted Levying

According to the Rules for the Implementation of the Law of the PRC on the Administration of Tax Collection (2016 Revision) (中華人民共和國稅收徵收管理法實施細則(2016修訂), which was promulgated by State Council and became effective on February 6, 2016, tax authorities may, in line with the principles of being conducive to taxation control and making it as easy as possible for taxpayers to pay tax and according to relevant provisions of the State, entrust related units or individuals with collection of sporadic, scattered, or outside-of-the-locality tax payment and shall issue to such units or individuals a certificate for tax collection. The entrusted units or individuals shall collect tax lawfully in the name of the tax authorities pursuant to the requirements as stipulated in the certificate, and taxpayers shall on no account refuse to pay tax. In case of refusal by any taxpayer, the entrusted unit or individual shall report without delay to the tax authorities.

According to the Administrative Measures on Entrusted Levying (委託代徵管理辦法), which was promulgated by SAT on May 10, 2013 and became effective on July 1, 2013, tax bureaus of county level and above may entrust relevant organizations and personnel to levy and collect tax on behalf of tax authorities from sporadic, scattered sources and outside of the locality pursuant to the laws and regulations. Tax authorities shall enter into an Agreement on Entrusted Levying with the entrusted levying party, specify matters relating to entrusted levying. Tax bureaus of county level and above may also enter into a written agreement on issuance of invoices on behalf with an entrusted levying party to entrust issuance of normal invoices by the entrusted levying party on behalf of the tax authorities. The main contents of the written agreement on issuance of invoices on behalf shall include the types of normal invoices to be issued on behalf, invoice recipients, contents and the relevant responsibilities.

REGULATIONS ON CREDIT REPORTING BUSINESS

According to the Regulation for the Administration of Credit Reporting Industry (徵信業管理條例), which was promulgated by the State Council on January 21, 2013 and became effective on March 15, 2013, and the Administrative Measures on Credit Agencies (徵信機構管理辦法) issued by the PBOC on November 15, 2013 and effective on December 20, 2013, "credit reporting business" and "credit reporting agency" was defined for the first time. According to the Regulation for the Administration of Credit Reporting Industry, "credit reporting business" means the activities of collecting, organizing, storing and processing "credit information" of individuals and enterprises, as well as providing such information to users, and a "credit reporting agency" refers to a duly established agency whose primary business is credit reporting.

The Regulation for the Administration of Credit Reporting Industry and the Administrative Measures on Credit Agencies stipulate that the establishment of a credit reporting agency to engage in enterprise credit reporting business shall go through record-filing with the local branch of the PBOC at a level higher than central sub-branches of provincial capitals (capitals of autonomous regions). Entities or individuals that engage in enterprise credit reporting business without completing record-filing of enterprise credit reporting agencies may be ordered to rectify within a specified time limit and may be subject to fines of RMB20,000 to RMB200,000 where correction is not made within the stipulated period and the directly responsible person in charge and other directly liable persons be given a warning and imposed a fine of not more than RMB10,000.

On September 27, 2021, the PBOC issued the Administrative Measures for Credit Reporting Business (徵信業務管理辦法), which became effective on January 1, 2022 (the "2021 Administrative Measures"). The 2021 Administrative Measures first time defined "credit information" as the basic information, lending information and other relevant information that is collected pursuant to the law, that serves financial and other activities and that is used to identify and determine the credit standings of enterprises and individuals, as well as any analysis and evaluation information generated based on the foregoing information. Institutions that have not completed record-filing of enterprise credit investigation agencies but have in effect engaged in credit reporting business before the implementation of the 2021 Administrative Measures shall complete compliance rectification within 18 months from the effective date of the 2021 Administrative Measures. Moreover, financial institutions shall not enter into commercial cooperation with entities which have not obtained legitimate credit reporting business licences for the access to credit reporting services. The collection of enterprise credit information shall be based on lawful purposes and shall not infringe upon trade secrets.

REGULATIONS ON INFORMATION SECURITY AND PRIVACY PROTECTION

Internet information in China is regulated and restricted from a national security standpoint.

The SCNPC, has enacted the Decisions on Maintaining Internet Security (關於維護互聯網安全的決定) on December 28, 2000, amended on August 27, 2009, which may subject violators to criminal punishment in China for any effort to: (1) gain improper entry into a computer or system of strategic importance; (2) disseminate politically disruptive information; (3) leak state secrets; (4) spread false commercial information; or (5) infringe intellectual property rights. The Ministry of Public Security of the PRC has promulgated the Administration Measures on the Security Protection of Computer Information Network with International Connections (計算機信息網絡國際聯網安全保護管理辦法) on December 16, 1997 and the State Council of the PRC has amended it on January 8, 2011 to prohibit use of the Internet in ways which, among other things, result in a leakage of state secrets or a spread of socially destabilizing content. If an Internet information service provider violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its websites.

According to the Administrative Measures for Hierarchical Protection of Information Security (信息安全等級保護管理辦法) promulgated by the Ministry of Public Security, the State Secrecy Bureau and the State Encryption Administration on June 22, 2007 and became effective on the same date, the security protection levels of information systems shall be divided into the following five tiers: Tier-1, meaning that after an information system is damaged, it will cause damage to the legitimate rights and interests of citizens, legal persons and other organizations, but will not harm national security, public order and public interests; Tier-2, meaning that after an information system is damaged, it will cause serious damage to the legitimate rights and interests of citizens, legal persons and other organizations, or will cause damage to public order and public interests, but will not harm national security; Tier-3, meaning that after an information system is damaged, it will cause serious damage to public order and public interests, or will cause damage to national security; Tier-4, meaning that after an information system is damaged, it will cause extraordinarily serious damage to public order and public interests, or will cause serious damage to national security; and Tier-5, meaning that after an information system is damaged, it will cause extraordinarily serious damage to national security. The entity operating the information system of tier-2 or higher shall go through record-filing procedures with the public security organ at or above the level of cities with districts that is at its domicile. Public security organs that accept record-filing shall inspect the work of hierarchical protection of information security carried out by entities operating or using tier-3 or tier-4 information systems. Tier-3 information systems shall be subject to at least one inspection on a yearly basis, while tier-4 information systems shall be subject to at least one inspection every six months.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC, or the Cyber Security Law (中華人民共和國網絡安全法), which became effective on June 1, 2017. The Cyber Security Law requires network operators to comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. The Cyber Security Law further requires network operators to take all necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to cyber security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. Personal information and important business data collected and generated in the operation of key information infrastructures operators within the territory of the PRC shall be stored within the PRC.

On November 28, 2019, the Secretary Bureau of the CAC, the General Office of the Ministry of Industry and Information Technology, the General Office of the Ministry of Public Security and the General Office of the SAMR promulgated the Identification Method of Illegal Collection and Use of Personal Information Through App (App違法違規收集使用個人信息行為認定方法), which provides guidance for the regulatory authorities to identify the illegal collection and use of personal information through mobile apps, and for the app operators to conduct self-examination and self-correction and for other participants to voluntarily monitor compliance.

On April 13, 2020, the CAC, the National Development and Reform Commission, the MIIT, among others, jointly promulgated the Cybersecurity Review Measures (網絡安全審查辦法) (the "Cybersecurity Review Measures 2020"), which became effective on June 1, 2020. The Cybersecurity Review Measures 2020 requires that where CIIOs purchase the network product or service, which affects or may affect national security, a cybersecurity review is required. On December 28, 2021, the CAC and 12 other government authorities revised the Cybersecurity Review Measures 2020, which replaced the Cybersecurity Review Measures 2020 and replaced into force on February 15, 2022. The revised Cybersecurity Review Measures 2022 provides that the relevant operators shall apply with the Cybersecurity Review Office of CAC for a cybersecurity review under the following circumstances: (1) CIIO purchasing network products and services and internet platform operators carrying out data processing activities, which affects or may affect national security, are subject to the regulatory scope; (2) the internet platform operators holding personal information of more than one million users seeking a [**REDACTED**] in a foreign country must file for the cybersecurity review; and (3) where members of the cybersecurity review working mechanism believe that network products and services and data processing activities affect or are likely to affect national security, the Cybersecurity Review Office shall report as per the procedures to the Central Cyberspace Affairs Commission for approval, and then conduct the review in accordance with the Cybersecurity Review Measures.

Our Directors and our PRC Legal Advisor are of the view that the likelihood of our operations being classified as one that affects or may affect national security is relatively low. Detailed analysis as to whether the Group's business operations or the proposed [**REDACTED**] may give rise to national security risks based on the factors set out in Article 10 of the Cybersecurity Review Measures is set forth below.

Article 10 of the Cybersecurity Review Measures focuses on the following factors in the assessment of national security risks: (i) the risk that the use of products and services could bring about the illegal control of, interference with, or destruction of Critical Information Infrastructure (the "CII"); (ii) the harm to CII business continuity of product and service supply disruptions; (iii) the security, openness, transparency, and diversity of sources of products and services, the reliability of supply channels, as well as the risk of supply disruptions due to political, diplomatic, and trade factors; (iv) product and service providers' compliance with PRC laws, regulations, and department rules;(v) the risk that core data, important data or large amount of personal information being stolen, leaked, damaged, illegally used and illegally exported; (vi) the risk of CII, core data, important data, or large amount of personal information being affected, controlled, or maliciously used by foreign governments, as well as the risk of network information security, if a company goes public; and; (vii)other factors that could harm CII security, cybersecurity and data security.

Pursuant to the Regulations for the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the "CII Regulations"), which was issued by the PRC State Council and came into effect on September 1, 2021, CIIOs refer to the operators of important network facilities and information systems of important industries and sectors, such as public communications and information services, energy, transport, water conservation, finance, public services, e-government, and science and technology industry for national defense, as well as other important network facilities and information systems that may significantly endanger national security, national economy and the people's livelihood and public interests if they are damaged or suffer from malfunctions, or if any leakage of data in relation thereto occurs. Competent authorities as well as the supervision and administrative authorities of the above-mentioned important industries and sectors are responsible for the security protection of CIIOs (the "CII Protection Work Departments"). The CII Protection Work Departments will establish the rules for the identification of CIIOs based on the particular situation of the industry and report such rules to the public security department of the PRC State Council for record. The CII Protection Work Departments are responsible for organizing the identification of CIIOs in their own industries and sectors in accordance with relevant identification rules and notifying the operators of the identification results. As of the Latest Practicable Date, we has not received any notification from CII Protection Work Departments regarding our identification as Critical Information Infrastructure ("CIIO") and therefore, our Directors and our PRC Legal Advisor are of the view that scenarios (i)-(iv) as set out in Article 10 of the Cybersecurity Review Measures focusing on purchasing network products or services as CIIO are not applicable to the Group.

In terms of scenario (v) and (vi) as set out in Article 10 of the Cybersecurity Review Measures, our Directors and our PRC Legal Advisor are of the view that the risks to trigger scenario (v) and (vi) are relatively low on the basis that: (i) as the compliance status of the Group disclosed in the section headed "Business–Data Protection" of the Document, it has implemented a comprehensive set of internal policies, procedures, and measures to ensure its cybersecurity and data protection compliance practice; (ii) during the Track Record Period and up to the Latest Practicable Date, the Group has not been subject to any material administrative penalties, mandatory rectifications, warning, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection; (iii) the core system of the Group has obtained National Information System Security Level III Protection Certification (國家信息系統安全等級保護三級證書); (iv) the Group has not been identified as a CIIO by relevant regulatory authorities; (v) [**REDACTED**] in Hong Kong is not [**REDACTED**] in a foreign country; (vi) as of the Latest Practicable Date, we had not received any notices or inquiries from relevant competent authorities relating to cybersecurity review procedures.

However, as advised by our PRC Legal Advisor, the interpretation and applicability of "important data", "core data" and "network information security" and other factors considered in scenario (vii) remains uncertain and subject to further clarification by the CAC or relevant regulatory authorities, and the CAC may initiate the cybersecurity review if such governmental authorities determine that any network products or services or data processing activities affect or may affect national security. Therefore, our PRC Legal Advisor cannot preclude the possibility that the cybersecurity review may apply to the Group.

The Data Security Law of the PRC (中華人民共和國數據安全法), promulgated by the SCNPC on June 10 2021, effective from September 1, 2021, stipulates that relevant entities carrying out data processing activities should comply with laws, regulations and codes of ethics, establish and improve the whole process data security management system in the process of data processing, strengthen risk monitoring, conduct regular risk assessments and report to the competent authorities. On December 29, 2011, the MIIT issued Several Provisions on Regulating the Market Order of Internet Information Services (規範互聯網信息服務市場秩序若干規定), effective from March 15, 2012, which provides that an Internet information service provider may not collect any user's personal information or provide any such information to third parties without such user's consent. Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services, Internet information service providers are required to, among others, (1) expressly inform the users of the method, content and purpose of the collection and processing of such users' personal information and may only collect such information necessary for the provision of its services; and (2) properly maintain the users' personal information, and in case of any leak or possible leak of a user's personal information, online service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法) (the "PIPL"), which became effective on November 1, 2021. The PIPL sets forth that the personal information of natural persons shall be protected by law, and no organization or individual may infringe upon the personal information rights and interests of natural persons. The processing of personal information shall have clear and reasonable purposes, be directly related to the purposes of processing, and be carried out in a way that has minimal impact on personal rights and interests. The collection of personal information shall be limited to the smallest scope necessary for achieving the purpose of processing, and personal information shall not be collected excessively. Personal information processors shall bear responsibility for their personal information processing activities, and adopt necessary measures to safeguard the security of the personal information they process. Otherwise, the personal information processors may be ordered to make correction or suspend or terminate the provision of services, or be imposed confiscation of illegal income, fines or other penalties.

On July 30, 2021, the state council promulgated the Regulations on Protection of Critical Information Infrastructure (關鍵信息基礎設施安全保護條例), which became effective on September 1, 2021. Pursuant to the Regulations on Protection of Critical Information Infrastructure, a critical information infrastructure refers to an important network facilities or information systems in important industries or fields such as public communication and information service, energy, communications, water conservation, finance, public services, e-government affairs and national defense science, which may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, competent departments and administration departments of each important industry and field, or Protection Departments, shall be responsible to formulate determination rules and determine the critical information infrastructure operator in the respective important industry or field. The result of the determination of critical information infrastructure operator shall be informed to the operator, and notify the public security department of the State Council.

Pursuant to the Ninth Amendment to the Criminal Law of the PRC (中華人民共和國刑法修正案(九)), issued by the SCNPC in August 2015, which became effective in November 2015, any Internet service provider that fails to fulfill its obligations related to Internet information security administration as required under applicable laws and refuses to rectify upon orders shall be subject to criminal penalty. In addition, on May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate issued the Interpretations on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋) (the "Interpretations"), which became effective on June 1, 2017 and stipulates that the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

The Civil Code of the People's Republic of China (中華人民共和國民法典) (the "Civil Code", which issued on May 28, 2020 and came into effect on 1 January 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law, any organization or individual shall legally obtain personal information of others when necessary and ensure the safety of such information, and shall not unlawfully collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others. On November 14, 2021, the CAC published the Administrative Regulations of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (the "Draft Cyber Data Security Regulations"), for public comments, which provides that data processors conducting certain activities shall apply for cybersecurity review, among others, including: (1) merger, reorganization or division of online platform operators that have acquired a large amount of data related to national security, economic development or public interests affects or may affect national security; (2) foreign [**REDACTED**] of data processors processing over one million individuals' personal information; (3) data processors' [**REDACTED**] in Hong Kong which affects or may affect national security; or (4) other data processing activities that affect or may affect national security. The Draft Regulations on Network Data Security also provide that operators of large Internet platforms that set up headquarters, operation centers or R&D centers overseas shall report to the national cyberspace administration and competent authorities. However, as of the Latest Practicable Date, there have been no clarifications from the relevant authorities as to the standards for determining whether an activity "affects or may affect national security." In addition, the Draft Regulations on Network Data Security also requires that data processors processing important data or going public overseas shall conduct an annual data security self-assessment or entrust a data security service institution to do so, and submit the data security assessment report of the previous year to the local branch of CAC before January 31 each year. As of the date of this document, Draft Regulations on Network Data Security has not been formally adopted.

On July 7, 2022, the CAC promulgated the Security Assessment Measures for Outbound Data Transfer (the "Security Assessment Measures") (數據出境安全評估辦法), which became effective on September 1, 2022. Such Security Assessment Measures require data processors to apply for a security assessment on data export in one of the following scenarios: (1) where a data processor provides important data abroad; (2) where a CIIO or a data processor who processes the personal information of one million or more individuals transfers such personal information abroad; (3) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the previous year; and (4) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers is required.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

According to the PRC Labor Law (中華人民共和國勞動法) promulgated on July 5, 1994, became effective on January 1, 1995 and amended on August 27, 2009 and December 29, 2018, workers are entitled to fair employment, choice of occupation, labor remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare and certain other rights. Employers shall establish and improve their work safety and sanitation system, educate employees on safety and sanitation and provide employees with a working environment that meets the national work safety and sanitation standards.

The PRC Labor Contract Law (中華人民共和國勞動合同法) (the "Labor Contract Law") was promulgated on June 29, 2007, amended on December 28, 2012 and became effective on July 1, 2013, and its implementation regulations were implemented on September 18, 2008. According to the Labor Contract Law and its implementation regulations, labor contracts must be executed in writing to establish labor relationships between employers and employees. A labor contract shall include essential terms, such as the duration of the labor contract, work content and workplace, working hours and holiday, work remuneration, social insurance, labor protection and labor terms as well as prevention of occupational hazards. Employees who fulfill certain criteria, including having continuously worked for the same employer for 10 years or more, may demand that the employer execute an unfixed-term labor contract. Wages paid by employers may not be lower than the local minimum wage standard. Both employers and employees must perform their respective obligations stipulated in the labor contracts.

Social Insurance and Housing Provident Fund

Pursuant to the Interim Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) promulgated on January 22, 1999, and last revised on March 24, 2019, Decisions of the State Council on Modifying the Basic Endowment Insurance System for Enterprise Employees (國務院關於完善企業職工基本養老保險制度的決定) promulgated on December 3, 2005, Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (國務院關於建立城鎮職工基本醫療保險制度的決定) promulgated on December 14, 1998 the Regulations on Unemployment Insurance (失業保險條例) effective from January 22, 1999, Regulations on Work-Related Injury Insurance (工傷保險條例) promulgated on April 27, 2003 with effect from January 1, 2004, and latest amended on December 20, 2010, and the Interim Measures concerning the Maternity Insurance for Enterprise Employees (企業職工生育保險試行辦法) promulgated on December 14, 1994 with effect from January 1, 1995, employers are required to register with the competent social insurance authorities and provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and medical insurance.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法), which was promulgated on October 28, 2010, latest amended and became effective on December 29, 2018, all employees are required to participate in basic pension insurance, basic medical insurance schemes and unemployment insurance, which must be contributed by both the employers and the employees. All employees are required to participate in work-related injury insurance and maternity insurance schemes, which must be contributed by the employers. Employers are required to complete registrations with local social insurance authorities. Moreover, the employers must timely make all social insurance contributions. Except for mandatory exceptions such as force majeure, social insurance premiums may not be paid late, reduced or be exempted. Where an employer fails to make social insurance contributions in full and on time, the social insurance contribution collection agencies shall order it to make all or outstanding contributions within a specified period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make the overdue contributions within such time limit, the relevant administrative department may impose a fine equivalent to one to three times the overdue amount.

Pursuant to the Administrative Regulations on Housing Provident Fund (住房公積金管理條例) effective from April 3, 1999, and latest amended on March 24, 2019, enterprises are required to register with the competent administrative centers of housing provident fund and open bank accounts for housing provident funds for their employees. Employers are also required to timely pay all housing fund contributions for their employees. Where an employer fails to submit and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit. Failing to do so at the expiration of the time limit will subject the employer to a fine of not less than RMB10,000 and up to RMB50,000. When an employer fails to pay housing provident fund due in full and in time, housing provident fund center is entitled to order it to rectify, failing to do so would result in enforcement exerted by the court.

REGULATIONS ON LEASING OF PROPERTY

Pursuant to the Administrative Measures for the Leasing of Commodity Housing (商品房屋租賃管理辦法) issued by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and coming into force on February 1, 2011, within 30 days after the execution of the housing lease contract, parties to the leasing of housing shall handle the registration and filing procedure of the leasing of housing at the departments in charge of construction (real estate) of the governments in the municipality directly under the Central Government, city and county where the leased housing is located. In the event that parties to the leasing of housing fail to handle the registration and filing procedure of the leasing of housing, the department in charge of construction (real estate) of the people's government in the municipality directly under the Central Government, the cities or the counties shall order rectification within a time limit. If rectification is not made by an individual within the time limit, a fine of less than RMB1,000 shall be imposed. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed.

Furthermore, under any of the following circumstances, the properties shall not be let out: (1) illegal buildings; (2) buildings which do not comply with mandatory project construction standards such as safety, disaster prevention, etc.; (3) change of nature of property use which violates the provisions; or (4) any other circumstances for which leasing is prohibited as stipulated by laws and regulations. Persons who violate the provisions above shall be ordered by the development (real estate) department of the People's Governments of centrally-administered municipalities, municipalities or counties to make correction within a stipulated period; where there is no illegal income, a fine of not more than RMB5,000 may be imposed; where there is an illegal income, a fine ranging from one to three times the amount of illegal income may be imposed, subject to a maximum of RMB30,000.

According to the Civil Code (中華人民共和國民法典), the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if the lessor transfers the premises, the lease contract between the lessee and the lessor will still remain valid. Where the mortgaged property has been leased and the possession thereof has been transferred before the creation of mortgage, the original lease relations shall not be affected by the mortgage.

REGULATIONS ON INTELLECTUAL PROPERTY

Trademark

Trademarks are protected by the Trademark Law of the PRC (中華人民共和國商標法) which was promulgated on August 23, 1982 and latest amended on April 23, 2019 as well as the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例) adopted by the State Council on August 3, 2002 and amended on April 29, 2014. In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The Trademark Office under the China National Intellectual Property Administration, handles trademark registrations and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office for record. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. As with trademarks, the PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

The Patent Law

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) latest amended by the SCNPC on October 17, 2020 and came into effect on June 1, 2021 and the Implementation Rules of The Patent Law of the PRC (中華人民共和國專利法實施細則) latest amended by the State Council on December 11, 2023 and came into effect on January 1, 2024, patents in China are divided into invention patent, utility patent and design patent. Invention patent refers to new technical solutions for a product, method or its improvement; utility patent refers to new technical solutions for the shape, structure or the combination of both shape and structure of a product, which is applicable for practical use; design patent refers to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the color, the shape and pattern of a product with esthetic feeling and industrial application value. Invention patent shall be valid for 20 years from the date of application while utility patent shall be valid for 10 years and design patent shall be valid for 15 years from the date of application. The patent right entitled to its owner shall be protected by the laws. Any person shall be licensed or authorized by the patent owner before using such patent. Otherwise, the use constitutes an infringement of the patent right.

The Patent Law of the PRC has been amended by the SCNPC on October 17, 2020 and came into effect on June 1, 2021. Compared with the valid Patent Law which was amended on December 27, 2008 and come into effect on October 1, 2009, the main changes of the Patent Law of the PRC (revised in 2020) are concentrated on the following aspects: (1) clarifying the incentive mechanism for inventor or designer relating to service inventions; (2) extending the duration of design patent; (3) establishing a new system of "open licensing" (開放許可); (4) improving the distribution of burden of proof in patent infringement cases; and (5) increasing the compensation for patent infringement.

The Copyright Law

Pursuant to the Copyright Law of the PRC (中華人民共和國著作權法) amended by the SCNPC on February 26, 2010 and came into effect on April 1, 2010, Chinese citizens, legal persons or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction. The Copyright Law of the PRC has been amended by the SCNPC on November 11, 2020 and came into effect on June 1, 2021.

Pursuant to the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated by the National Copyright Administration on February 20, 2002 and the Regulations on Computers Software Protection (計算機軟件保護條例) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Computers Software Protection.

Domain Names

Pursuant to the Administrative Measures for Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on August 24, 2017 and coming into effect on November 1, 2017, the establishment of any domain name root server and institution for operating domain name root servers, managing the registration of domain name and providing registration services in relation to domain name within the territory of China shall be subject to the approval of the MIIT or provincial, autonomous regional and municipal communications administration. The registration of domain name shall follow the principle of "first come, first served". The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (工業和信息化部關於規範互聯網信息服務使用域名的通知) promulgated by the MIIT on November 27, 2017 and coming into effect on January 1, 2018 specifies the obligation of anti-terrorism and maintaining network security of internet information service providers.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (中華人民共和國外匯管理條例) which was promulgated by the State Council on January 29, 1996 and was latest amended on August 5, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital items, overseas entities and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

On December 26, 2014, SAFE issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), pursuant to which a domestic company shall, within 15 business days from the date of the end of its overseas [**REDACTED**], register the overseas [**REDACTED**] with the local branch office of SAFE at the place of its establishment; and the [**REDACTED**] from an overseas [**REDACTED**] of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the [**REDACTED**] shall be consistent with the content of the document and other disclosure documents.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), which was promulgated by SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas [**REDACTED**]) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of SAFE in due time in accordance with international revenue and expenditure situations.

PRC LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was latest amended and came into effect on December 29, 2018, and the Implementation provisions for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprise income taxpayers shall include resident and non-resident enterprises. Resident enterprise refers to an enterprise that is established within China, or is established under the law of a foreign country (region) but whose actual institution of management is within China. Non-resident enterprise refers to an enterprise established under the law of a foreign country (region), whose actual institution of management is not within China but has offices or establishments within China; or which does not have any offices or establishments within China but has incomes sourced from China. A resident enterprise shall pay EIT on its income originating from both inside and outside the PRC at an EIT rate of 25%. Foreign invested enterprises in the PRC falls into the category of resident enterprises, which shall pay EIT for the income originated from domestic and overseas sources at an EIT rate of 25%. Qualified small low-profit enterprises are given the reduced enterprise income tax rate of 20%.

According to the Circular of MOF and SAT on Implementing the Inclusive Tax Deduction and Exemption Policies for Small and Micro Enterprises (《財政部、稅務總局關於實施小微企業普惠性稅收減免政策的通知》) promulgated on January 17, 2019, during January 1, 2019 to December 31, 2021, the annual taxable income of a small low-profit enterprise that is not more than 1 million RMB shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%; and the annual taxable income that is more than 1 million RMB nor more than 3 million RMB shall be included in its taxable income at the reduced rate of 50%, with the applicable enterprise income tax rate of 20%.

Enterprises that are recognized as high-tech enterprises in accordance with the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) are entitled to enjoy the preferential enterprise income tax rate of 15%. The validity period of the high-tech enterprise qualification shall be three years from the date of issuance of the certificate of high-tech enterprise. The enterprise can re-apply for such recognition as a high-tech enterprise.

Value-added Tax

According to the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值税暫行條例》) (the "Regulations on VAT"), which was promulgated by the State Council on December 13, 1993 and latest amended on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》), which was promulgated by the MOF of the PRC, came into effect on December 25, 1993 and latest amended on October 28, 2011, all the taxpayers engaged in sales of goods or provision of processing, repair and maintenance labor or import of goods in China shall be subject to value-added tax. Unless otherwise provided by laws, the value-added tax rate is: 17% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods; 11% for taxpayers selling transportation, postal, basic telecommunication, construction, or immovable property leasing services, immovable property, transferring the rights to use land, or selling or importing specific goods; 0% for domestic entities and individuals selling services or intangible assets within the scope prescribed by the State Council across national borders; 6% for taxpayers selling services or intangible assets other than those mentioned above; 0% for exported goods, except as otherwise specified by the State Council.

Pursuant to Notice on Implementing the Pilot Reform for Transition from Business Tax to Value-added Tax Nationwide issued by the MOF and SAT (《關於全面推開營業税改徵增值税試點的通知》) promulgated on March 23, 2016, the pilot reform for the transition from business tax to VAT is implemented nationwide, and the building industry, real estate industry, financial industry and life service industry are included in such pilot, and the taxpayers in such industries are required to pay VAT instead of business tax.

According to the Circular on Policies for Simplifying and Consolidating Value-added Tax Rates (《關於簡併增值税税率有關政策的通知》), announced by the Ministry of Finance and the State Administration of Taxation on April 28, 2017, the structure of value-added tax rates will be simplified from July 1, 2017, and the 13% value-added tax rate shall be canceled. The scope of goods with 11% value-added tax rate and the provisions for deducting input tax are specified.

According to the Circular of the MOF and the State Taxation Administration on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), which was issued on April 4, 2018 and came into effect on May 1, 2018, where a tax payer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable reduced 17% and 11% tax rates are adjusted to be 16% and 10%, respectively. According to the Announcement of the MOF, the State Taxation Administration and the General Administration of Customers on Deepening Policies in relation to Value-added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) which was promulgated on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% are reduced to 13% and 9%, respectively.

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was latest amended on August 31, 2018 and the Regulations on Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was latest amended on December 18, 2018 (collectively, the "IIT Law"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty. According to the Circular of MOF and the SAT on Issues Concerning Individual Income Tax Policies (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) promulgated on May 13, 1994, the income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise is exempt from individual income tax for the time being. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and MOF and SAT should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by MOF and SAT.

Enterprise Investors

In accordance with the EIT Law, the rate of enterprise income tax shall be 25%. A non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if such non-resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but the PRC-sourced income has no actual connection with such establishment or premise in the PRC. The aforesaid income tax may be reduced pursuant to applicable treaties to avoid double taxation. Such withholding tax for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular of the SAT on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid by Chinese Resident Enterprises to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT on November 6, 2008 further clarified that a PRC-resident enterprise shall withhold enterprise income tax at a rate of 10% on dividends for the year of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Issues on Levying Enterprise Income Tax on Dividends Received by Non-resident Enterprise from Holding Stock such as B-shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) which was issued by the State Administration of Taxation on July 24, 2009, further provides that any PRC-resident enterprise that is [**REDACTED**] on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《國家稅務總局關於〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) effective on December 6, 2019 states that such provisions shall not apply to any arrangement or transactions made for the primary purpose of gaining such tax benefit. The application of the dividend clause of tax agreements is subject to the PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Taxation on Share Transfer

Value-Added Tax ("VAT") and Local Additional Tax

Pursuant to the Notice on the Full Implementation of Pilot Program for Transition from Business Tax to VAT (《關於全面推開營業稅改徵增值稅試點的通知》) ("Circular 36"), effective from May 1, 2016 and as amended on July 11, 2017, December 25, 2017 and March 20, 2019 respectively, entities and individuals engaged in sales of services within the PRC are subject to VAT and "sales of services within the PRC" refers to the situation where either the seller or the buyer of a taxable service is located within the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals are exempt from VAT upon transfer of financial products. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside the PRC, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in the PRC, the holder may be required to pay the PRC VAT. However, in absence of explicit rules, there remains uncertainty in the interpretation and application of the foregoing rules as to whether the disposal of H Shares by non-PRC resident enterprises is subject to PRC VAT.

At the same time, VAT taxpayers are also subject to urban maintenance and construction tax, education surcharge and local education surcharge.

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to the individual income tax at a rate of 20%. Pursuant to the Circular of the MOF and the SAT on Declaring that Individual Income Tax Continues to be Exempted over Individual Income from Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares of [**REDACTED**] enterprises continues to be exempted from individual income tax. In the latest IIT Law, the SAT has not explicitly stated whether it will continue to exempt individuals from income tax on income derived from the transfer of [**REDACTED**] shares.

However, on December 31, 2009, the MOF, SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), effective on December 31, 2009, which states that individuals' income from the transfer of [**REDACTED**] shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the

Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises [**REDACTED**] on overseas stock exchanges. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

Enterprise Investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but the PRC-sourced income has no actual connection with such establishment or premise. Such income tax for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. The withholding tax may be reduced or exempted pursuant to applicable treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》) which was latest amended on January 8, 2011, and the Detailed Rules for Implementation of Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例施行細則》) effective on October 1, 1988, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC [**REDACTED**] companies shall not apply to the acquisition and disposal of H Shares by non-PRC [**REDACTED**] outside of the PRC.

PRC LAWS AND REGULATIONS RELATING TO ANTI-ESPIONAGE

For the purpose of strengthening counterespionage work, prevent, stop and punish espionage, safeguard national security, and protect people's interests, on November 1, 2014, SCNPC promulgated the Counterespionage Law of the PRC (中華人民共和國反間諜法) (the "Counterespionage Law") which was amended on April 26, 2023 and came into effect on July 1, 2023. According to the Counterespionage Law, espionage refers to any of the following acts: (1) any activity committed by an espionage organization or its agent or by any other person as instigated or funded by the aforesaid organization or agent, or by any domestic aforesaid organization or individual in collusion with the aforesaid organization or individual, which endangers national security; (2) joining an espionage organization or accepting a task assigned by an espionage organization or its agent, or defect to an espionage organization or its agent; (3) any activity relating to stealing, spying, buying or illegally providing state secrets, intelligence or other documents, data, materials or articles relating to national security or interests, or instigating, luring, coercing or bribing any State staff member to turn traitor; (4) any activity of cyberattack, intrusion, interference, control or destruction, inter alia, against a state organ, secret-involved entity or critical information infrastructure, committed by aforementioned perpetrators in (1); (5) indicating the attack targets for enemies; and (6) other espionage activities. And national security authorities are the principal regulatory authorities and executive bodies in charge of counterespionage work.

Moreover, Counterespionage Law sets out that enterprises shall be responsible for their own counterespionage security precaution work to safeguard national security, particularly those key entities for counterespionage security precaution which are obligated to establish relevant internal risk management system and specify personnel's relevant responsibilities. During investigation into espionage, Internet service providers, telecommunications business operators and other persons shall render necessary supports and assistance to national security authorities.

As to espionage-related legal liabilities for enterprises, administrative penalties shall be imposed on the enterprise committing or assisting espionage, such as fines, confiscation of illegal gains, punishing the person directly in charge and other persons directly liable, and where necessary, ordering the enterprise to suspend or close its business, revoking its licenses, or rescinding the registration. There shall also be administrative penalties for enterprises which fail to fulfill their counterespionage security precaution obligations or malfunction as an assistant providing necessary supports to national security authorities in espionage investigation. Furthermore, the act of espionage constituting a crime shall subject the enterprise to criminal liabilities pursuant to relevant provisions under the Criminal Law of the PRC (中華人民共和國刑法). As confirmed by our Directors and our PRC Legal Advisor, as of the Latest Practicable Date, we had not received specifications or warnings, nor had we been subject to any investigation, fines or penalties in relation to any breach of anti-espionage laws and regulations.

RECENT DEVELOPMENT ON RULES RELATING TO OVERSEAS [REDACTED]

On 17 February 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "Overseas Listing Trial Measures") and relevant five guidelines, which became effective on 31 March 2023. The Overseas Listing Trial Measures comprehensively improved and reformed the existing regulatory regime for overseas [**REDACTED**] of PRC domestic companies' securities and regulates both direct and indirect overseas [**REDACTED**] of PRC domestic companies' securities by adopting a filing-based regulatory regime.

Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to [**REDACTED**] securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that an overseas [**REDACTED**] is explicitly prohibited, if any of the following: (1) such securities [**REDACTED**] is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (2) the intended overseas securities

[**REDACTED**] may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) the domestic company intending to make the securities [**REDACTED**], or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) the domestic company intending to make the securities [**REDACTED**] is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (5) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

Where an issuer submits an application for [**REDACTED**] to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Overseas Listing Trial Measures also require subsequent reports to be filed with the CSRC within three business days upon the occurrence and public disclosure of any of the material events after an issuer has [**REDACTED**] securities in an overseas market, such as (1) change of control; (2) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (3) change of [**REDACTED**] status or transfer of [**REDACTED**] segment; and (4) voluntary or mandatory [**REDACTED**]. Where an issuer's main business undergoes material changes after overseas [**REDACTED**], and is therefore beyond the scope of business stated in the filing documents, such issuer shall submit to the CSRC an ad hoc report and a relevant legal opinion issued by a domestic law firm within three business days after occurrence of the changes.

Furthermore, on February 24, 2023, the CSRC, together with certain other PRC governmental authorities, promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (the "Confidentiality and Archives Administration Provisions") (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定), which came into effect on March 31, 2023. According to the Confidentiality and Archives Administration Provisions, PRC domestic companies that directly or indirectly conduct overseas [**REDACTED**], shall strictly abide by applicable PRC laws and regulations on confidentiality when providing or publicly disclosing, either directly or through their overseas [**REDACTED**] entities, documents and materials to securities services providers such as securities companies and accounting firms or overseas regulators in the process of their overseas [**REDACTED**]. In the event such documents or materials contain state secrets or working secrets of government agencies, the PRC domestic companies shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level; in the event that such documents or materials, if leaked, will jeopardize national security or public interest, the PRC domestic companies shall strictly fulfill relevant procedures stipulated by applicable national regulations. The PRC domestic companies shall also provide a written statement of the specific state secrets and sensitive information provided when providing documents and materials to securities companies and securities service providers, and the securities companies and securities service providers shall properly retain such written statements for inspection.

Furthermore, the Confidentiality and Archives Administration Provisions also provide where overseas securities regulators and relevant competent overseas authorities request to inspect, investigate or collect evidence from PRC domestic companies concerning their overseas [**REDACTED**] or their securities firms and securities service providers that undertake securities business for such PRC domestic companies, such inspection, investigation and evidence collection must be conducted under a cross-border regulatory cooperation mechanism, and the CSRC or other competent authorities of the PRC government will provide necessary assistance pursuant to bilateral and multilateral cooperation mechanism. Domestic companies, securities firms and securities service providers shall first obtain approval from the CSRC or other competent PRC authorities before cooperating with the inspection and investigation by the overseas securities regulators or competent overseas authority or providing documents and materials requested in such inspection and investigation.

REGULATIONS RELATING TO THE H SHARE [REDACTED]

According to the CSRC Pilot Program for the Deepening Reforms on Overseas Listing Systems and the "Full Circulation" of H Shares (《中國證監會深化境外上市制度改革開展H股「全流通」試點》) issued by the CSRC on December 29, 2017 and the Reply to the Press by the CSRC Spokesperson, Chang Depeng Regarding the Implementation of the "Full Circulation" Pilot Program of H Shares (《中國證監會新聞發言人常德鵬就開展H股「全流通」試點相關事宜答記者問》) issued by the CSRC on December 29, 2017 and approved by the State Council, the CSRC carried out the "Full Circulation" Pilot Program of H-share [**REDACTED**] Companies, which required enterprises involved in the pilot program to perform some procedures and meet the following four basic conditions:

(1) fulfilled the relevant legal provisions and policy requirements of foreign investment access, state-owned assets management, state security and industrial policy.

(2) their respective industries are in line with the development concept of innovative, coordinated, green, open and sharing, the development direction of the industrial policy of the state, as well as the national strategy of serving the real economy and supporting the "One Belt, One Road" construction, and they also have to be high-quality enterprises.

(3) the equity structures of existing shares are relatively simple and their respective market value will be not less than HK$1 billion.

(4) the corporate governance is standard, the internal decision-making procedures are in compliance with the laws, which can practicably and adequately protect shareholders' rights of knowledge, participation and voting.

According to the Guidance for Applying "Full Circulation" for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》) issued by the CSRC on November 14, 2019, and the Reply to the Press by the CSRC Spokesperson regarding the Fully Implementation of the "Full Circulation" Reform of H Shares (《中國證監會新聞發言人就全面推開H股「全流通」改革答記者問》) issued by the CSRC on November 15, 2019, H Shares company can apply for "full circulation" alone or together with refinance abroad application. [**REDACTED**] corporation can apply for "full circulation" together with overseas [**REDACTED**]. Once being approved by the CSRC, shareholders of [**REDACTED**] shares shall change share registration according to the relevant rules of CSDC, as well as relevant rules of share registration and share [**REDACTED**] of HK market, and shall disclose information lawfully.

OUR HISTORY AND DEVELOPMENT

Overview

We are an enterprise digitalization solutions provider in China, focusing on offering SaaS financial & tax digitalization and data-driven intelligence solutions through our *Baiwang Cloud* platform. We process a variety of transaction documents, including, among others, invoices, receipts, bills, and other accounting records, that accurately reflect key business transactions of enterprises. Empowered by valuable insights into voluminous transaction data and equipped with advanced big data analytics capabilities, we facilitate the automated and digitalized business decision-making by financial service providers and other enterprise customers.

Our history can be traced back to May 4, 2015, when our Company was founded in the PRC by Ms. Chen, with Mr. Chen Lin (陳琳) (Ms. Chen's brother and business partner). To cope with our expansion and strategic needs, there has been a series of share transfers and capital increases since the incorporation of our Company. As of the Latest Practicable Date, Ms. Chen controlled 43.22% of the voting power at the general meetings of our Company, comprising (1) 27.10% beneficially owned by her directly, (2) 9.23% beneficially owned by Ningbo Xiu'an, which is controlled by Ms. Chen as its general partner, and (3) 6.89% beneficially owned by Tianjin Duoying, which is controlled by Ms. Chen as its general partner. Upon the [**REDACTED**], Ms. Chen will control [**REDACTED**]% of the voting power at the general meetings of our Company, comprising (i) [**REDACTED**]% beneficially owned by her directly, (ii) [**REDACTED**]% beneficially owned by Ningbo Xiu'an, and (iii) [**REDACTED**]% beneficially owned by Tianjin Duoying, assuming the [**REDACTED**] is not exercised. Therefore, Ms. Chen, Ningbo Xiu'an and Tianjin Duoying were our Controlling Shareholders as of the Latest Practicable Date and will continue to be our Controlling Shareholders upon the [**REDACTED**]. See "Directors, Supervisors and Senior Management—Board of Directors—Executive Directors" for the biographical details of Ms. Chen, and "—Our Company" and "—[**REDACTED**] Investments" for the details of our Company's historical shareholding changes.

Business Milestones

The following table illustrates our major business milestones:

2015	Our Company was incorporated in May
	Baiwang Cloud was launched in September
2016	We assisted Taobao with the establishment of its "Ali Invoice Platform"
2017	We were elected in January as the group leader of Electronic Invoices Group (電子發票組) of China Electronic Documents Management Promotion Union (中國電子文件管理推進聯盟), an industrial organization promoted by users of electronic documents, enterprises, education institutions and research institutions in the area of electronic documents management in China

2018	We were named as a China and Zhongguancun Unicorn Company (中國暨中關村獨角獸企業) by Great Wall Enterprise Institute (北京長城企業戰略研究所) for the first time in March
2019	We were named as a unicorn company with a valuation over US$1.0 billion by CB Insights, a reputable business analytics platform and global database that provides market intelligence on private companies and investor activities
	We were named as a "Top 100 Technology Innovation Enterprise 2019 (2019中國科創百強企業)" by *China Entrepreneur* (《中國企業家》) magazine in July
2020	We ranked the first in terms of customers' satisfaction in electronic invoices industry in 2020 China IT Users' Satisfaction Survey (2020年中國IT用戶滿意度調查) conducted by CCW Research (計世咨詢) in January
2021	We won the bidding for the contract of upgrade of VAT invoices management system (tax control sector) under the SAT's Third Phase of Golden Tax Project in January
	We were granted "2021 Digitalization Transformation Innovative Enterprise Award (2021數字化轉型創新企業獎)" in June by several institutions including, among others, Information Research Center, Chinese Academy of Social Sciences (中國社科院信息化研究中心)
	We were a joint bid-winner of the development and promotion projects for the SAT's e-invoice service platform
2022	We were named as a "Beijing Specialized, Sophisticated, Unique and New 'Little Giant' Enterprise (北京市專精特新"小巨人"企業)" by Beijing Municipal Bureau of Economy and Information Technology (北京市經濟和信息化局) in March
	We won the bidding for the contract of the SAT's pilot project of establishment and application of tax blockchain infrastructure platform jointly with other collaborators in September
2023	We were named as a "China and Zhongguancun Unicorn Company (中國暨中關村獨角獸企業)" by Great Wall Enterprise Institute (北京長城企業戰略研究所) for the sixth consecutive year

OUR COMPANY

Incorporation of Our Company

Our Company was promoted and incorporated as a joint stock company with limited liability under the laws of the PRC on May 4, 2015 by Ms. Chen and Mr. Chen Lin, with a registered capital of RMB100.0 million divided into 100,000,000 Shares with a nominal value of RMB1.00 per Share. Upon incorporation, our Company was owned by Ms. Chen and Mr. Chen Lin as to 90.00% and 10.00%, respectively.

Early Shareholding Changes of Our Company

On July 8, 2016, (1) Ms. Chen entered into share transfer agreements with each of Beijing Watertek Information Technology Co., Ltd. (北京旋極信息技術股份有限公司) ("Watertek"), Henan Baiwang Jiufu Electronic Technology Co., Ltd. (河南百望九賦電子科技有限公司) ("Henan Jiufu") (an affiliate of Henan Xuji Information Co., Ltd. (河南許繼信息有限公司) (currently known as Henan Baiwang Guorui Technology Co., Ltd. (河南百旺國瑞科技有限公司)) ("Henan Xuji")) and Mr. Lu Zhenhua (陸振華), respectively, pursuant to which, among others, 30,000,000 Shares, 30,000,000 Shares and 10,000,000 Shares were transferred by Ms. Chen to Watertek, Henan Jiufu and Mr. Lu Zhenhua, respectively, at par value; and (2) Mr. Chen Lin entered into a share transfer agreement with Mr. Liu Ming (劉明) (a then senior management member of Watertek), pursuant to which, among others, 10,000,000 Shares were transferred by Mr. Chen Lin to Mr. Liu Ming at par value (collectively, "Angel Investment"). Mr. Chen Lin ceased to be a Shareholder at the level of our Company upon completion of these share transfers. Mr. Chen Lin disposed of his Shares in pursuit of his other business ventures. Except for serving as a supervisor until June 2022 at our directly wholly-owned subsidiary, Beijing Baiwang Jinkong Technology Co., Ltd. (北京百望金控科技有限公司), which was not an executive role, Mr. Chen Lin did not maintain any role in the Group or hold interest in any subsidiary of the Company subsequent to his disposal of Shares. Due to internal arrangements, 30,000,000 Shares held by Henan Jiufu was transferred to Henan Xuji at par value pursuant to the share transfer agreement dated October 10, 2017 between them.

Watertek is a PRC company listed on the Shenzhen Stock Exchange (stock code: 300324), which is principally engaged in, among others, the provision of information security and information service products and platforms in the areas of tax and finance. Watertek was ultimately controlled by Mr. Chen Jiangtao (陳江濤), who held 18.17% of equity interest in Watertek directly and through his wife and concert parties as of December 31, 2022, according to Watertek's annual report published on April 22, 2023. Henan Xuji is a PRC company, majority-owned and ultimately controlled by Mr. Lu Zhenhua and principally engaged in R&D and manufacture of intelligent automation equipment of power distribution systems. At the time of acquisitions of the Shares from Ms. Chen, both Watertek and Henan Xuji were our major business cooperation partners and leading and reputable players in their respective industries, and Ms. Chen wished to utilize their experience and resources in the related industries in this start-up project and strengthen our cooperation with them.

To strengthen our capital base, on October 13, 2016, our Company, our then Shareholders and Beijing Huida Gaoxin Investment Fund Center (Limited Partnership) (北京匯達高新投資基金中心(有限合夥)) ("Huida Gaoxin") entered into a capital increase agreement, pursuant to which, among others, Huida Guoxin invested RMB75.0 million in our Company, among which RMB4,687,500 was contributed to the registered capital of our Company ("Huida Gaoxin Investment"). Huida Gaoxin is a PRC private equity fund with Beijing Dalin Investment Management Co., Ltd. (北京達麟投資管理有限公司) (which is in turn majority-owned by Ms. Liu Na (柳娜), as to 90.00%) acting as the general partner.

To strengthen our founder's control over our Company, on September 5, 2017, our then Shareholders resolved and agreed on the capital injection in the amount of RMB49.2 million by Ms. Chen, among which RMB40.0 million was contributed to the registered capital of our Company. Such capital injection was fully settled on March 23, 2018. The consideration was determined with reference to the then net asset value of our Company.

To provide incentive to our key employees and consultants, our then Shareholders resolved on June 15, 2017 to authorize our Board to administer the future grant of share incentive. On October 6, 2017 and April 6, 2018, Tianjin Duoying, our then newly-established share incentive platform with Ms. Chen acting as the general partner, entered into share transfer agreements with Mr. Liu Ming and Mr. Lu Zhenhua, respectively, pursuant to which, among others, each of Mr. Liu Ming and Mr. Lu Zhenhua transfered 2,500,000 Shares and 7,500,000 Shares held by them to Tianjin Duoying at considerations of RMB3.08 million and RMB9.23 million, respectively. The considerations were determined with reference to the then net asset value of our Company. The transfers were fully settled on September 14, 2018, and the Shares held by Tianjin Duoying were reserved for our future share incentive purpose. Upon completion of such transfer, Mr. Liu Ming and Mr. Lu Zhenhua ceased to be our Shareholders.

On December 29, 2017, Ningbo Xiu'an, our another share incentive platform and a limited partnership established under the laws of the PRC with Ms. Chen acting as its general partner, entered into a share transfer agreement with Henan Xuji, pursuant to which, among others, Henan Xuji transferred 30,000,000 Shares to Ningbo Xiu'an at a consideration of RMB36.9 million, which was determined with reference to the then net asset value of our Company. The consideration was fully settled on September 26, 2018. Such Shares held by Ningbo Xiu'an were reserved for our future share incentive purpose. Upon completion of such transfer, Henan Xuji ceased to be our Shareholder. See "—Share Incentive Platforms" and "Appendix IV—Statutory and General Information—C. Share Incentive Scheme" for details of our share incentive.

On June 15, 2018, Shenzhen Pusu Capital Management Co., Ltd. (深圳樸素資本管理有限公司) ("Pusu Capital"), Ningbo Xiu'an and our Company entered into a share transfer and cooperation agreement, pursuant to which, among others, Ningbo Xiu'an transferred 10,000,000 Shares to Pusu Capital at a consideration of RMB190.0 million ("Pusu Capital Investment"). Pusu Capital is a PRC private equity fund owned by Mr. Liang Fei (梁斐) and Shenzhen Fangwu Innovation Capital Management Co., Ltd. (深圳市方物創新資產管理有限公司) (which is owned by Mr. Liang Fei, Mr. Li Hui (李輝) and Mr. Zhao Yi (趙毅) as to 48.50%, 47.00% and 4.50%, respectively) as to 5.00% and 95.00%, respectively.

Upon completion of the foregoing shareholding changes, our Company was owned by Ms. Chen, Watertek, Ningbo Xiu’an, Tianjin Duoying, Pusu Capital and Huida Gaoxin as to 41.47%, 20.73%, 13.82%, 13.82%, 6.91% and 3.24%, respectively. To cope with our expansion and strategic needs, our Company received Series A to Series C+ [**REDACTED**] investments from several investors. See “—[**REDACTED**] Investments” for details.

OUR PRINCIPAL SUBSIDIARY

Beijing Baiwang Huiyan Data Technology Co., Ltd. (北京百望慧眼數據科技有限公司) (“Baiwang Huiyan”) is our principal subsidiary which had made material contribution to our results of operations during the Track Record Period and up to the Latest Practicable Date. Baiwang Huiyan is primarily engaged in the provision of big data analytics solutions.

Baiwang Huiyan was incorporated as a limited liability company on March 12, 2019 under the laws of the PRC with a registered capital of RMB8.0 million. Upon its incorporation, Baiwang Huiyan was owned by Beijing Baiwang Jinkong Technology Co., Ltd. (北京百望金控科技有限公司), Beijing Baiwang Yunxin Technology Center (Limited Partnership) (北京百望雲鑫科技中心(有限合夥)) and Yiwu Heying Information Technology Partnership (Limited Partnership) (義烏市合盈信息技術合夥企業(有限合夥)) as to 51.00%, 29.00% and 20.00%, respectively. Beijing Baiwang Jinkong Technology Co., Ltd. is our directly wholly-owned subsidiary. Beijing Baiwang Yunxin Technology Center (Limited Partnership) is owned by Ms. Chen and Mr. Wu Jingrun (吳景潤) (the then chief financial officer of our Company) as to 50.00% and 50.00% with Ms. Chen acting as the general partner. At the time of incorporation of Baiwang Huiyan, the equity interest in Baiwang Huiyan held by Beijing Baiwang Yunxin Technology Center (Limited Partnership) was on trust for our Company, for the future employee share incentive purpose. Yiwu Heying Information Technology Partnership (Limited Partnership) is owned by Mr. Lin Yunbin (林允斌) and Mr. Xu Lin (徐林), both of whom are independent third parties, as to 75.00% and 25.00%, respectively.

To streamline our management of and strengthen our control over Baiwang Huiyan, our Group decided to terminate the entrustment arrangement and implement the employee share incentive arrangements at the level of our Company. In May 2019, Beijing Baiwang Jinkong Technology Co., Ltd. and Beijing Baiwang Yunxin Technology Center (Limited Partnership) transferred their respective equity interest in Baiwang Huiyan to our Company at nil consideration. At the same time, Yiwu Heying Information Technology Partnership (Limited Partnership), which had not made any capital contribution to Baiwang Huiyan, transfered its entire equity interest in Baiwang Huiyan to our Company at nil contribution. Since then, Baiwang Huiyan have been our directly wholly-owned subsidiary. On May 25, 2020, the registered capital of Baiwang Huiyan increased to RMB50.0 million, with additional registered capital contributed by our Company.

OUR PRINCIPAL ASSOCIATED COMPANIES AND JOINT VENTURES

The table below sets forth the details of our principal associated companies and joint ventures as of the Latest Practicable Date:

Name of the associated companies/joint ventures	Principal business of the associated companies/joint ventures	The Shareholding of our Company	Name of the other shareholder(s)[1]	The Shareholding of the other shareholder(s)
Guangxi United Credit Reporting Co., Ltd. (廣西聯合徵信有限公司)	Big data services	15.00%	Guangxi Dongxin Digital Information Technology Co., Ltd. (廣西東信數科信息技術有限公司)	85.00%
Boya Zhongke (Beijing) Information Technology Co., Ltd. (博雅中科(北京)信息技術有限公司)	Sales of finance management software	40.26%	Tianjin Minzheng Software Development Partnership (Limited Partnership) (天津敏政軟件開發合夥企業(有限合夥))	54.74%
			Boya Network Information (Beijing) Technology Co., Ltd. (博雅網信(北京)科技有限公司)	5.00%

Note:

1. Such other shareholders and their respective ultimate beneficial owners are independent third parties.

MATERIAL ACQUISITIONS AND DISPOSALS

Throughout the Track Record Period and as of the Latest Practicable Date, we did not conduct any material acquisition or disposal.

[**REDACTED**] INVESTMENTS

Backgrounds of the [**REDACTED**] Investments

Set out below the general backgrounds of our Series A to Series C+ [**REDACTED**] investments:

(1) Series A [**REDACTED**] Investment:

- On December 1, 2017, Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司) ("Fosun High-Tech"), Shanghai Fosun Weishi Phase I Equity Investment Fund Partnership (Limited Partnership) (上海復星惟實一期股權投資基金合夥企業(有限合夥)) ("Fosun Weishi"), Mr. Huang Miao (黃淼) and Ms. Zhu Liping (朱莉萍) (collectively, the "Lenders") entered into an investment agreement with our Company, pursuant to which, among others, our Company issued convertible bonds of RMB100.0 million to the Lenders, pursuant to which the conversion right would be exercisable at the conversion price of RMB11.1 per Share within 36 months after the principal amount of the relevant convertible bonds was transfered to our Company. On September 2, 2019, our Company was notified by the Lenders on the full conversion of the convertible loans to 9,042,969 Shares, among which, (i) Fosun High-Tech subscribed for 4,476,270 Shares in settlement of their convertible loans of RMB49.5 million, (ii) Fosun Weishi subscribed for 4,476,269 Shares in settlement of their convertible loans of RMB49.5 million, (iii) Mr. Huang Miao subscribed for 45,215 Shares in settlement of their convertible loans of RMB500,000, and (iv) Ms. Zhu Liping subscribed for 45,215 Shares in settlement of their convertible loans of RMB500,000; and

- on September 20, 2018, Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡科技有限公司) ("Alibaba") entered into a capital increase agreement with our Company and our then Shareholders, pursuant to which, among others, Alibaba invested approximately RMB317.7 million in our Company, among which RMB28,724,721 was contributed to the registered capital of the Company.

(2) Series B [**REDACTED**] Investment:

- on August 15, 2019, Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) ("SCGC"), Shenzhen Hongtu Intelligent Equity Investment Fund Partnership (Limited Partnership) (深圳市紅土智能股權投資基金合夥企業(有限合夥)) ("Shenzhen Hongtu"), Dongguan Hongtu Venture Capital Fund Partnership (Limited Partnership) (東莞紅土創業投資基金合夥企業(有限合夥)) ("Dongguan Hongtu", together with SCGC and Shenzhen Hongtu, "SCGC Group"), Shenzhen Fortune Gutoubang No. 6 Investment Enterprise (Limited Partnership) (深圳富海股投邦六號投資企業(有限合夥)) ("Shenzhen Oriental Fortune"), and Small and Medium-sized Enterprises Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)) ("SME Fund", together with Shenzhen Oriental Fortune, "Oriental Fortune") entered into a capital increase agreement and a supplemental agreement with our Company and our then Shareholders, pursuant to which, among others, (i) SCGC, Shenzhen Hongtu and Dongguan Hongtu invested RMB75.0 million, RMB30.0 million and RMB45.0 million, respectively, in our Company, among which RMB3,909,754, RMB1,563,902 and RMB2,345,852 were contributed to the registered capital of our Company, respectively; and (ii) Shenzhen Oriental Fortune and SME Fund invested RMB120.0 million and RMB80.0 million, respectively, in our Company, among which RMB6,255,607 and RMB4,170,404 were contributed to the registered capital of our Company, respectively;

- on December 24, 2019, Tianjin Duoying and Shenzhen Gongtong Jiayuan Management Co., Ltd. (深圳市共同家園管理有限公司) ("Gongtong Jiayuan") entered into a share transfer agreement, pursuant to which, among others, Tianjin Duoying transferred 4,347,826 Shares to Gongtong Jiayuan, at a consideration of approximately RMB100.0 million;

- on December 26, 2019, Fosun High-Tech and Fosun Weishi entered into a share transfer agreement with Yancheng Yannan Unicorn Investment Fund Partnership (Limited Partnership) (鹽城市鹽南獨角獸投資基金合夥企業(有限合夥)) ("Yancheng Yannan Fund"), Mr. Guo Xixing (郭夕興) and Mr. Huang Shanfan (黃善繁), pursuant to which, among others, (i) Fosun High-Tech transferred 1,382,225 Shares to Yancheng Yannan Fund at a consideration of RMB25.0 million, (ii) Fosun Weishi transferred 525,245 Shares, 746,401 Shares, 110,580 Shares to Yancheng Yannan Fund, Mr. Guo Xixing and Mr. Huang Shanfan, at considerations of RMB9.5 million, RMB13.5 million and RMB2.0 million, respectively; and

- on June 18, 2020, Huida Gaoxin and Hongzheng Junfang Investment Co., Ltd. (紅正均方投資有限公司) ("Hongzheng Junfang") entered into a share transfer agreement, pursuant to which, among others, Huida Gaoxin transferred 4,687,500 Shares to Hongzheng Junfang at a consideration of RMB102.0 million. Upon completion of the transaction, Huida Gaoxin ceased to be our Shareholder.

(3) Series C [**REDACTED**] Investment:

- on January 5, 2021, Jinjiang Fangzhou No. 2 Equity Investment Partnership (Limited Partnership) (晉江方舟二號股權投資合夥企業(有限合夥)) ("Jinjiang Fangzhou"), Suzhou Wanjia Venture Capital Partnership (Limited Partnership) (蘇州萬佳創業投資合夥企業(有限合夥)) ("Suzhou Wanjia"), Suzhou Muhua Equity Investment Partnership (Limited Partnership) (蘇州慕華股權投資合夥企業(有限合夥)) ("Suzhou Muhua"), Beijing Xingshi Investment Management Center (Limited Partnership) (北京星實投資管理中心(有限合夥)) ("Beijing Xingshi"), Changzhou Xinxing No. 1 Investment Partnership Enterprise (Limited Partnership) (常州市新興壹號投資合夥企業(有限合夥)) ("Changzhou Xinxing"), Tongxiang Zhongrun Investment Co., Ltd. (桐鄉市眾潤投資有限公司) ("Tongxiang Zhongrun"), Suqian Jiuzhao Fengya Equity Investment Partnership (Limited Partnership) (宿遷玖兆豐亞股權投資合夥企業(有限合夥)) ("Jiuzhao Yaquan"), Pingxiang Jiuzhao Hongxin Equity Investment Partnership (Limited Partnership) (萍鄉玖兆弘新股權投資合夥企業(有限合夥)) ("Pingxiang Jiuzhao"), Mr. Liu Ning (劉寧), Mr. Shi Zhenyi (石振毅), Ms. Yu Xiao (餘曉), Mr. Guo Xixing and Ms. Zhu Liping entered into a capital increase agreement with our Company and our then Shareholders, pursuant to which, among others, Jinjiang Fangzhou, Suzhou Wanjia, Suzhou Muhua, Beijing Xingshi, Changzhou Xinxing, Tongxiang Zhongrun, Jiuzhao Yaquan, Pingxiang Jiuzhao, Mr. Liu Ning, Mr. Shi Zhenyi, Ms. Yu Xiao, Mr. Guo Xixing and Ms. Zhu Liping invested RMB57.01 million, RMB50.0 million, RMB10.0 million, RMB100.0 million, RMB10.0 million, RMB59.0 million, RMB79.8 million, RMB1.2 million, RMB0.4 million, RMB0.3 million, RMB0.4 million, RMB12.0 million and RMB3.2 million in our Company, respectively, among which RMB1,939,314, RMB1,700,854, RMB340,171, RMB3,401,708, RMB340,171, RMB2,007,008, RMB2,714,563, RMB40,820, RMB13,607, RMB10,205, RMB13,607, RMB408,205 and RMB108,855 were contributed to the registered capital of our Company, respectively;

- on January 20, 2021, Shanghai Dazhong Public Utilities (Group) Co., Ltd. (上海大眾公用事業(集團)股份有限公司) ("Dazhong Public") entered into a share transfer agreement with Pusu Capital, pursuant to which Dazhong acquired 7,000,000 Shares from Pusu Capital at a consideration of RMB182.0 million;

- on June 23, 2021, Pusu Capital entered into share transfer agreements with Chongqing Liangjiang Zhongxin Jialiang Financial Technology RMB Equity Investment Fund Partnership (Limited Partnership) (重慶兩江中新嘉量金融科技人民幣股權投資基金合夥企業(有限合夥)) ("Zhongxin Jialiang"), Mr. Zhang Lianwen (張連文), Mr. Ma Jingping (麻靜平), Gongqingcheng Henghui Ruicheng Equity Investment Management Partnership (Limited Partnership) (共青城恆匯瑞誠股權投資管理合夥企業(有限合夥)) ("Henghui Ruicheng") and Beijing Cuihu Original Innovation No. 1 Venture Capital Fund (Limited Partnership) (北京翠湖原始創新一號創業投資基金(有限合夥)) ("Beijing Cuihu"), respectively, pursuant to which, among others, (i) Zhongxin Jialiang acquired 400,000 Shares from Pusu Capital at a consideration of RMB10.4 million, (ii) Mr. Zhang Lianwen acquired 1,442,308 Shares from Pusu Capital at a consideration of RMB37.5 million, (iii) Mr. Ma Jingping acquired 57,692 Shares from Pusu Capital at a consideration of RMB1.5 million, (iv) Henghui Ruicheng acquired 750,000 Shares from Pusu Capital at a consideration of RMB 19.5 million, (v) Beijing Cuihu acquired 350,000 Shares from Pusu Capital at a consideration of RMB9.1 million. Upon completion of the transactions, Pusu Capital ceased to be our Shareholder.

(4) Series C+ [**REDACTED**] Investment:

- on November 10, 2021, Ms. Chen and Suqian Jiuzhao Yunlian Equity Investment Partnership (Limited Partnership) (宿遷玖兆雲聯股權投資合夥企業(有限合夥)) ("Jiuzhao Yunlian") entered into a share transfer agreement, pursuant to which, among others, Ms. Chen transferred 300,000 Shares to Jiuzhao Yunlian, at a consideration of RMB7.8 million;

- on November 19, 2021, our Company and our Controlling Shareholders entered into a capital increase agreement with Jinan Haiwang Equity Investment Partnership (Limited partnership) (濟南海望股權投資合夥企業(有限合夥)) ("Jinan Haiwang"), pursuant to which, among others, Jinan Haiwang invested approximately RMB29.4 million in our Company, among which RMB1.0 million was contributed to the registered capital of our Company;

- on November 29, 2021, Shanghai Guoxin Venture Capital Investment Co., Ltd. (上海國鑫創業投資有限公司) ("Shanghai Guoxin") entered into share transfer agreements with Ms. Chen and Alibaba, respectively, pursuant to which, among others, Shanghai Guoxin acquired 1,000,000 Shares and 3,000,000 Shares from Ms. Chen and Alibaba, at considerations of RMB26.0 million and RMB78.0 million, respectively;

- on November 29, 2021, our Company and our Controlling Shareholders entered into capital increase agreements with Shanghai Guoxin and Mr. Wen Xiaoming (文曉鳴), respectively, pursuant to which, among others, (i) Shanghai Guoxin invested RMB46.0 million in our Company, among which RMB1,564,786 was contributed to the registered capital of our Company and (ii) Mr. Wen Xiaoming invested approximately RMB10.0 million in our Company, among which RMB340,171 was contributed to the registered capital of our Company; and

- on December 27, 2021, Watertek, as the transferor, entered into share transfer agreements with 13 transferees, respectively, pursuant to which, among others, Watertek transferred an aggregate of 8,536,534 Shares to the transferees at a total consideration of RMB221.95 million. Details of the transactions are set out below:

Name of transferee	**Number of the transferred Shares**	**Consideration** *(RMB)*
Jiaxing Jiuzhao Hexuan Equity Investment Partnership (Limited Partnership) (嘉興玖兆鶴軒股權投資合夥企業(有限合夥)) ("Jiuzhao Hexuan")	2,011,538	52.3 million
Wuxi Fosun Venture Capital Investment Partnership (無錫復星創業投資合夥企業(有限合夥)) ("Fosun VC Investment", together with Fosun High-Tech, Fosun Weishi and Beijing Xingshi, "Fosun")	1,923,077	50.0 million
Yinhe Yuanhui Investment Co., Ltd. (銀河源匯投資有限公司) ("Yinhe Yuanhui")	1,150,000	29.9 million
Changzhou Tianning Hongya Industrial Investment Partnership (Limited Partnership) (常州市天寧弘亞實業投資合夥企業(有限合夥)) ("Tianning Hongya")	769,230	20.0 million
Ms. Yan Xia (顏霞)	769,230	20.0 million
Henghui Ruicheng	350,000	9.1 million
Beijing Cuihu	450,000	11.7 million

Name of transferee	Number of the transferred Shares	Consideration *(RMB)*
Qingdao Ruibeita Equity Investment Partnership (Limited Partnership) (青島睿貝塔股權投資合夥企業(有限合夥)) ("Qingdao Ruibeita")	346,153	9.0 million
Pingxiang Jiuzhao Anyuan Equity Investment Partnership (Limited Partnership) (萍鄉市玖兆安元股權投資合夥企業(有限合夥)) ("Jiuzhao Anyuan", together with Jiuzhao Yaquan, Pingxiang Jiuzhao, Jiuzhao Yunlian and Jiuzhao Hexuan, "Jiuzhao")	230,769	6.0 million
Suqian Qianshan Xinzhuo Equity Investment Partnership (Limited Partnership) (宿遷千山信卓股權投資合夥企業(有限合夥)) ("Qianshan Xinzhuo")	200,000	5.2 million
Chuanjiang Investment Co., Ltd. (川江投資有限公司) ("Chuanjiang Investment")	192,307	5.0 million
Ms. Zhu Liping	82,692	2.15 million
Mr. Chen Xin (陳欣)	61,538	1.6 million

- On October 17, 2022, Qingdao Hongma Shengshi Private Equity Investment Fund Partnership (Limited Partnership) (青島紅馬盛世私募股權投資基金合夥企業（有限合夥）) ("Qingdao Hongma") entered into a share transfer agreement with Gongtong Jiayuan (which was supplemented by a supplemental agreement dated December 31, 2022 between the same parties), pursuant to which, among others, Qingdao Hongma acquired 421,052 Shares from Gongtong Jiayuan, at a consideration of RMB12.0 million.

In addition, with a view to acquiring the indirect interest in our Company, (1) Mr. Liu Zhu (劉柱) entered into an investment agreement on January 19, 2018 with Mr. Chen Lin and Tianjin Jinxintong Technology Center (Limited Partnership) (天津金鑫通科技中心(有限合夥)) ("Tianjin Jinxintong"), pursuant to which, among others, Mr. Liu Zhu acquired 2.3% of the partnership interest in Tianjin Jinxintong from Mr. Chen Lin, at a consideration of approximately RMB3.7 million, and (2) Ms. Wang Yilin (王藝霖) entered into an investment agreement on March 28, 2018 and a supplemental agreement on April 15, 2018 with Mr. Chen Lin and Tianjin Jinxintong, pursuant which, among others, Ms. Wang Yilin acquired 5.0% of the partnership interest in Tianjin Jinxintong from Mr. Chen Lin, at a consideration of RMB6.5

million (collectively, "Liu and Wang Investments"). At the time of Liu and Wang Investments, Tianjin Jinxintong was a limited partner of Tianjin Duoying, and therefore, upon the completion of Liu and Wang Investments, Mr. Liu Zhu and Ms. Wang Yilin were interested in 230,000 and 500,000 underlying Shares represented by the partnership interest in Tianjin Jinxintong, respectively. In order to facilitate the future realization of economic benefits attaching to the underlying Shares, in April 2023, Mr. Liu Zhu and Ms. Wang Yilin decided to hold the underlying Shares through Tianjin Jinxintong (which was a shareholding platform owned by Mr. Liu Zhu and Ms. Wang Yilin, both of whom are limited partners, as to 31.5% and 68.5%, respectively, and with Mr. Chen Gang acting as the general partner who holds 0.0001% nominal interest, as of the Latest Practicable Date and after a series of restructuring) without another secondary intermediate shareholding platform, and therefore Tianjin Jinxintong withdrew from Tianjin Duoying and ceased to be a limited partner of Tianjin Duoying, while Tianjin Duoying transfered 730,000 Shares to Tianjin Jinxintong at nil consideration. After completion of such transfer, Tianjin Jinxintong became our Shareholder holding 730,000 Shares.

Series A to Series C+ [**REDACTED**] investments, together with Angel Investment, Huida Gaoxin Investment, Pusu Capital Investment and Liu and Wang Investments, constitute the [**REDACTED**] investments as defined under Chapter 4.2 of the Guide for New Listing Applicants published by the Stock Exchange. The considerations for the [**REDACTED**] investments were determined on an arm's length basis among the parties to the relevant transactions with reference to then business prospects and financial performance of our Company.

The following table illustrates (1) the number of Shares held by our existing Shareholders upon completion of the abovementioned [**REDACTED**] investments and shareholding changes and as of the Latest Practicable Date and (2) our existing Shareholders' ownership percentage immediately prior to and after the completion of the [**REDACTED**]:

Name of Shareholder(s)	**Number of Shares**	**Ownership percentage immediately prior to the completion of the** [REDACTED] *(%)*	**Ownership percentage immediately after the completion of the** [REDACTED][1] *(%)*
Controlling Shareholders			
Ms. Chen	58,700,000	27.10	[**REDACTED**]
Ningbo Xiu'an	20,000,000	9.23	[**REDACTED**]
Tianjin Duoying	14,922,174	6.89	[**REDACTED**]
Subtotal	93,622,174	43.22	[**REDACTED**]

Name of Shareholder(s)	Number of Shares	Ownership percentage immediately prior to the completion of the [REDACTED] (%)	Ownership percentage immediately after the completion of the [REDACTED][1] (%)
Other Shareholders			
Alibaba	25,724,721	11.87	[REDACTED]
Watertek	21,463,466	9.91	[REDACTED]
Dazhong Public	7,000,000	3.23	[REDACTED]
Shenzhen Oriental Fortune[3]	6,255,607	2.89	[REDACTED]
Shanghai Guoxin	5,564,786	2.57	[REDACTED]
Hongzheng Junfang	4,687,500	2.16	[REDACTED]
SME Fund[3]	4,170,404	1.92	[REDACTED]
Gongtong Jiayuan	3,926,774	1.81	[REDACTED]
SCGC[4]	3,909,754	1.80	[REDACTED]
Beijing Xingshi[2]	3,401,708	1.57	[REDACTED]
Fosun High-Tech[2]	3,094,045	1.43	[REDACTED]
Fosun Weishi[2]	3,094,043	1.43	[REDACTED]
Jiuzhao Yaquan[5]	2,714,563	1.25	[REDACTED]
Dongguan Hongtu[4]	2,345,852	1.08	[REDACTED]
Jiuzhao Hexuan[5]	2,011,538	0.93	[REDACTED]
Tongxiang Zhongrun	2,007,008	0.93	[REDACTED]
Jinjiang Fangzhou	1,939,314	0.90	[REDACTED]
Fosun VC Investment[2]	1,923,077	0.89	[REDACTED]
Yancheng Yannan Fund	1,907,470	0.88	[REDACTED]
Suzhou Wanjia	1,700,854	0.79	[REDACTED]
Shenzhen Hongtu[4]	1,563,902	0.72	[REDACTED]
Mr. Zhang Lianwen	1,442,308	0.67	[REDACTED]
Mr. Guo Xixing	1,154,606	0.53	[REDACTED]
Yinhe Yuanhui	1,150,000	0.53	[REDACTED]
Henghui Ruicheng	1,100,000	0.51	[REDACTED]
Jinan Haiwang	1,000,000	0.46	[REDACTED]
Beijing Cuihu	800,000	0.37	[REDACTED]
Tianning Hongya	769,230	0.36	[REDACTED]
Ms. Yan Xia	769,230	0.36	[REDACTED]
Tianjin Jinxintong	730,000	0.34	[REDACTED]
Qingdao Hongma	421,052	0.19	[REDACTED]
Zhongxin Jialiang	400,000	0.18	[REDACTED]
Qingdao Ruibeita	346,153	0.16	[REDACTED]
Changzhou Xinxing	340,171	0.16	[REDACTED]
Suzhou Muhua	340,171	0.16	[REDACTED]

Name of Shareholder(s)	Number of Shares	Ownership percentage immediately prior to the completion of the [REDACTED] (%)	Ownership percentage immediately after the completion of the [REDACTED][(1)] (%)
Mr. Wen Xiaoming	340,171	0.16	**[REDACTED]**
Jiuzhao Yunlian[(5)]	300,000	0.14	**[REDACTED]**
Ms. Zhu Liping	236,762	0.11	**[REDACTED]**
Jiuzhao Anyuan[(5)]	230,769	0.11	**[REDACTED]**
Qianshan Xinzhuo	200,000	0.09	**[REDACTED]**
Chuanjiang Investment	192,307	0.09	**[REDACTED]**
Mr. Huang Shanfan	110,580	0.05	**[REDACTED]**
Mr. Chen Xin	61,538	0.03	**[REDACTED]**
Mr. Ma Jingping	57,692	0.03	**[REDACTED]**
Mr. Huang Miao	45,215	0.02	**[REDACTED]**
Pingxiang Jiuzhao[(5)]	40,820	0.02	**[REDACTED]**
Mr. Liu Ning	13,607	0.006	**[REDACTED]**
Ms. Yu Xiao	13,607	0.006	**[REDACTED]**
Mr. Shi Zhenyi	10,205	0.005	**[REDACTED]**
Subtotal	123,022,580	56.78	**[REDACTED]**
Total	**216,644,754**	**100.00**	**[REDACTED]**

(1) Assuming the [**REDACTED**] is not exercised.

(2) See "—[**REDACTED**] Investments—Information regarding Our Principal [**REDACTED**] Investors—Fosun" for more details of the relationships among them.

(3) See "—[**REDACTED**] Investments—Information regarding Our Principal [**REDACTED**] Investors—Oriental Fortune" for more details of the relationships among them.

(4) See "—[**REDACTED**] Investments—Information regarding Our Principal [**REDACTED**] Investors—SCGC Group" for more details of the relationships among them.

(5) See "—[**REDACTED**] Investments—Information regarding Our Principal [**REDACTED**] Investors—Jiuzhao" for more details of the relationships among them.

Our Directors are of the view that our Company would benefit from the additional capital injected by the [**REDACTED**] investments, our [**REDACTED**] Investors' business resources, knowledge and experience, and potential business opportunities and benefits that may be provided by them.

Principal Terms of the [REDACTED] Investments

The table below summarizes the principal terms of the **[REDACTED]** investments:

Name of [REDACTED] Investor(s)	Date of contract	Date of settlement	Number of Shares subscribed for/acquired at the time of [REDACTED] Investment	Consideration	Cost per Share paid[1]	Discount to the [REDACTED][2]
				(RMB)	*(RMB)*	*(%)*
Early Investment						
Watertek	July 8, 2016	June 6, 2016	30,000,000	30.0 million	1.0	[REDACTED]
Henan Xuji[3][4]	July 8, 2016	July 19, 2016	30,000,000	30.0 million	1.0	[REDACTED]
Mr. Liu Ming[4]	July 8, 2016	April 7, 2016	10,000,000	10.0 million	1.0	[REDACTED]
Mr. Lu Zhenhua[4]	July 8, 2016	July 12, 2016	10,000,000	10.0 million	1.0	[REDACTED]
Huida Gaoxin[4]	October 13, 2016	October 13, 2016	4,687,500	75.0 million	16.0	[REDACTED]
Mr. Liu Zhu	January 19, 2018	January 30, 2018	230,000[5]	3.7 million	16.0	[REDACTED]
Ms. Wang Yilin	March 28, 2018	April 24, 2018	500,000[5]	6.5 million	16.0	[REDACTED]
Pusu Capital[4]	June 15, 2018	July 24, 2018	10,000,000	190.0 million	19.0	[REDACTED]
Series A [REDACTED] Investment						
Fosun High-Tech	December 1, 2017[6]	March 14, 2018[7]	4,476,270	49.5 million	11.1	[REDACTED]
Fosun Weishi	December 1, 2017[6]	March 14, 2018[7]	4,476,269	49.5 million	11.1	[REDACTED]
Mr. Huang Miao[8]	December 1, 2017[6]	March 12, 2018[7]	45,215	500,000	11.1	[REDACTED]
Ms. Zhu Liping	December 1, 2017[6]	March 12, 2018[7]	45,215	500,000	11.1	[REDACTED]
Alibaba	September 20, 2018	October 18, 2018	28,724,721	317.65 million	11.1	[REDACTED]
Series B [REDACTED] Investment						
SCGC	October 25, 2019	December 31, 2019	3,909,754	75.0 million	19.2	[REDACTED]
Shenzhen Hongtu	October 25, 2019	December 31, 2019	1,563,902	30.0 million	19.2	[REDACTED]
Dongguan Hongtu	October 25, 2019	December 31, 2019	2,345,852	45.0 million	19.2	[REDACTED]
Shenzhen Oriental Fortune	October 25, 2019	December 31, 2019	6,255,607	120.0 million	19.2	[REDACTED]
SME Fund	October 25, 2019	January 2, 2020	4,170,404	80.0 million	19.2	[REDACTED]
Gongtong Jiayuan	December 24, 2019	December 25, 2019	4,347,826	100.0 million	23.0	[REDACTED]
Yancheng Yannan Fund	December 26, 2019	December 24, 2019	1,907,470	34.5 million	18.1	[REDACTED]
Mr. Guo Xixing	December 26, 2019	December 24, 2019	746,401	13.5 million	18.1	[REDACTED]
Mr. Huang Shanfan	December 26, 2019	December 26, 2019	110,580	2.0 million	18.1	[REDACTED]
Hongzheng Junfang	June 18, 2020	July 13, 2020	4,687,500	102.0 million	21.8	[REDACTED]

Name of [REDACTED] Investor(s)	Date of contract	Date of settlement	Number of Shares subscribed for/acquired at the time of [REDACTED] Investment	Consideration	Cost per Share paid(1)	Discount to the [REDACTED](2)
				(RMB)	*(RMB)*	*(%)*
Series C* [REDACTED] *Investment						
Jinjiang Fangzhou	January 5, 2021	January 8, 2021	1,939,314	57.0 million	29.4	[REDACTED]
Suzhou Wanjia	January 5, 2021	February 7, 2021	1,700,854	50.0 million	29.4	[REDACTED]
Suzhou Muhua	January 5, 2021	February 1, 2021	340,171	10.0 million	29.4	[REDACTED]
Beijing Xingshi	January 5, 2021	February 18, 2021	3,401,708	100.0 million	29.4	[REDACTED]
Changzhou Xinxing	January 5, 2021	December 31, 2020	340,171	10.0 million	29.4	[REDACTED]
Tongxiang Zhongrun	January 5, 2021	January 12, 2021	2,007,008	59.0 million	29.4	[REDACTED]
Jiuzhao Yaquan	January 5, 2021	February 2, 2021	2,714,563	79.8 million	29.4	[REDACTED]
Pingxiang Jiuzhao	January 5, 2021	February 2, 2021	40,820	1.2 million	29.4	[REDACTED]
Mr. Liu Ning	January 5, 2021	February 19, 2021	13,607	400,000	29.4	[REDACTED]
Mr. Shi Zhenyi	January 5, 2021	February 22, 2021	10,205	300,000	29.4	[REDACTED]
Ms. Yu Xiao	January 5, 2021	February 19, 2021	13,607	400,000	29.4	[REDACTED]
Mr. Guo Xixing	January 5, 2021	December 30, 2020	408,205	12.0 million	29.4	[REDACTED]
Ms. Zhu Liping	January 5, 2021	December 31, 2020	108,855	3.2 million	29.4	[REDACTED]
Dazhong Public	January 20, 2021	February 9, 2021	7,000,000	182.0 million	26.0	[REDACTED]
Zhongxin Jialiang	June 23, 2021	July 9, 2021	400,000	10.4 million	26.0	[REDACTED]
Henghui Ruicheng	June 23, 2021	July 7, 2021	750,000	19.5 million	26.0	[REDACTED]
Beijing Cuihu	June 23, 2021	July 7, 2021	350,000	9.1 million	26.0	[REDACTED]
Mr. Zhang Lianwen	June 23, 2021	July 16, 2021	1,442,308	37.5 million	26.0	[REDACTED]
Mr. Ma Jingping	June 23, 2021	July 9, 2021	57,692	1.5 million	26.0	[REDACTED]
Series C+* [REDACTED] *Investment						
Jiuzhao Yunlian	November 10, 2021	December 9, 2021	300,000	7.8 million	26.0	[REDACTED]
Shanghai Guoxin	November 29, 2021	November 30, 2021	5,564,786	150.0 million	27.0	[REDACTED]
Jinan Haiwang	November 19, 2021	December 3, 2021	1,000,000	29.4 million	29.4	[REDACTED]
Mr. Wen Xiaoming	November 29, 2021	December 3, 2021	340,171	10.0 million	29.4	[REDACTED]
Jiuzhao Hexuan	December 27, 2021	December 28, 2021	2,011,538	52.3 million	26.0	[REDACTED]
Fosun VC Investment	December 27, 2021	December 30, 2021	1,923,077	50.0 million	26.0	[REDACTED]
Yinhe Yuanhui	December 27, 2021	December 30, 2021	1,150,000	29.9 million	26.0	[REDACTED]
Tianning Hongya	December 27, 2021	December 28, 2021	769,230	20.0 million	26.0	[REDACTED]
Ms. Yan Xia	December 27, 2021	December 27, 2021	769,230	20.0 million	26.0	[REDACTED]
Henghui Ruicheng	December 27, 2021	December 30, 2021	350,000	9.1 million	26.0	[REDACTED]
Beijing Cuihu	December 27, 2021	December 28, 2021	450,000	11.7 million	26.0	[REDACTED]

Name of [REDACTED] Investor(s)	Date of contract	Date of settlement	Number of Shares subscribed for/acquired at the time of [REDACTED] Investment	Consideration *(RMB)*	Cost per Share paid(1) *(RMB)*	Discount to the [REDACTED](2) *(%)*
Qingdao Ruibeita	December 27, 2021	December 29, 2021	346,153	9.0 million	26.0	[REDACTED]
Jiuzhao Anyuan	December 27, 2021	December 28, 2021	230,769	6.0 million	26.0	[REDACTED]
Qianshan Xinzhuo	December 27, 2021	December 29, 2021	200,000	5.2 million	26.0	[REDACTED]
Chuanjiang Investment	December 27, 2021	December 28, 2021	192,307	5.0 million	26.0	[REDACTED]
Ms. Zhu Liping	December 27, 2021	December 27, 2021	82,692	2.15 million	26.0	[REDACTED]
Mr. Chen Xin	December 27, 2021	December 27, 2021	61,538	1.6 million	26.0	[REDACTED]
Qingdao Hongma	December 31, 2022	February 15, 2023	421,052	12.0 million	28.5	[REDACTED]

(1) Calculated by dividing the total consideration paid by the number of Shares subscribed for or acquired by the relevant [**REDACTED**] Investors. Under certain transfers of existing Shares between our investors, the relevant investors considered various factors, such as timing of the transaction, past or present relationships between the parties and their respective bargaining power in the negotiations when determining the consideration, in addition to the then valuation of our Company, and thus agreed on an discount to the then valuation.

(2) The discount to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is [**REDACTED**] per H Share, being the mid-point of the [**REDACTED**] of [**REDACTED**] to [**REDACTED**] per H Share, and that the [**REDACTED**] is not exercised.

(3) Due to their internal arrangements, the Shares held by Henan Jiufu were later transferred to Henan Xuji at par value in October 2017.

(4) Such Shareholders later transferred the Shares held by them to other parties and ceased to be our Shareholders.

(5) This refers to the number of the underlying Shares which was represented by the partnership interest in Tianjin Jinxintong acquired by the investor.

(6) The date refers to the date on which our Company entered into the investment agreement with the Lenders in connection with the issuance of the relevant convertible bonds.

(7) The date refers to the date on which the Lenders transferred the principal amount underlying the relevant convertible bonds to our Company.

(8) Mr. Huang Miao is our non-executive Director.

[REDACTED] from the [REDACTED] Investments

The [**REDACTED**] received by us from the [**REDACTED**] investments of shares with preferential rights amounted to approximately RMB1,311.0 million. As of September 30, 2023, approximately 36.5% of the [**REDACTED**] from the [**REDACTED**] investments, amounting to approximately RMB479.0 million, have been utilized, for our general operation and business development. The remaining [**REDACTED**] from the [**REDACTED**] investments will continue to be utilized for our general operation and business development.

Lock-up Period

Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders (including our [**REDACTED**] Investors) are prohibited from disposing of any of the Shares held by them.

Public Float

The [**REDACTED**] Domestic Shares that will not be [**REDACTED**] into H Shares (representing approximately [**REDACTED**]% of our total issued Shares upon the [**REDACTED**] (assuming the [**REDACTED**] is not exercised)) will not be considered as part of the public float as the Domestic Shares will not be [**REDACTED**] into H Shares and will not be [**REDACTED**] on the Stock Exchange following the completion of the [**REDACTED**] and the [**REDACTED**].

Of the [**REDACTED**] H Shares to be [**REDACTED**] from Domestic Shares and [**REDACTED**] on the Stock Exchange following the completion of the [**REDACTED**] and the [**REDACTED**]:

(a) [**REDACTED**] H Shares (representing approximately [**REDACTED**]% of our total issued Shares upon the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised)) will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the [**REDACTED**] as such H Shares are held by Ningbo Xiu'an, Tianjin Duoying and Alibaba, the core connected persons of our Company; and

(b) the remaining [**REDACTED**] H Shares (representing approximately [**REDACTED**]% of our total issued Shares upon the [**REDACTED**] (assuming the [**REDACTED**] is not exercised)) will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**] as such Shareholders are not core connected persons of our Company upon the [**REDACTED**] nor accustomed to take instructions from our Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by our Company's core connected persons.

See "Share Capital—[**REDACTED**]" for more details of the H Shares to be [**REDACTED**] from Domestic Shares and [**REDACTED**] on the Stock Exchange following the completion of the [**REDACTED**] and the [**REDACTED**].

Special Rights of Our [REDACTED] Investors

In connection with the [**REDACTED**] investments, our [**REDACTED**] Investors were granted certain special rights, including, among others, (1) board nomination right, board observer right and certain other corporate governance rights, (2) right of co-sale, (3) redemption right, (4) right of first refusal, (5) drag-along right, (6) transfer restriction and (7) share repurchase right. In anticipation of the [**REDACTED**], all such special rights granted to our [**REDACTED**] Investors were terminated as of the date on which the Company submitted to the Stock Exchange its application for the [**REDACTED**].

Information regarding Our Principal [REDACTED] Investors

Set out below is a description of our principal [**REDACTED**] Investors that are sophisticated investors, being private equity funds and corporations, and that have made meaningful investments in our Company (each holding more than 1.00% of our total issued and outstanding Shares immediately prior to the [**REDACTED**]). To the best knowledge of our Directors after making reasonable enquiries, our [**REDACTED**] Investors (other than Alibaba and Mr. Huang Miao) are independent third parties.

Alibaba

Alibaba is an indirectly wholly-owned subsidiary of Alibaba Group Holding Limited ("Alibaba Holding," together with its subsidiaries, "Alibaba Group"), a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (stock symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988). Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it aspires to be a good company that will last for 102 years. Alibaba Group's businesses are comprised of commerce, cloud computing, digital media and entertainment and innovation initiatives.

Alibaba was as of the Latest Practicable Date and will be upon the [**REDACTED**] a substantial Shareholder and will become a connected person of our Company upon the [**REDACTED**].

Fosun

Fosun High-Tech, a limited liability company incorporated under the laws of the PRC, is a directly wholly-owned subsidiary of Fosun International Limited (復星國際有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 656) with its principal business to create C2M ecosystems in health, happiness and wealth.

Fosun Weishi is a fund in a form of limited partnership established under the laws of the PRC. The general partner of Fosun Weishi is Shanghai Fosun Weishi Investment Management Co., Ltd. (上海復星惟實投資管理有限公司), an indirectly non-wholly-owned subsidiary of Fosun International Limited.

Fosun VC Investment is a fund in a form of limited partnership established under the laws of the PRC, with Wuxi Fosun Enterprise Management Partnership (Limited Partnership) (無錫復星企業管理合夥企業(有限合夥)) acting as its general partner. The general partner of Wuxi Fosun Enterprise Management Partnership (Limited Partnership) is Yadong Fosun Industrial Technology Development Co., Ltd. (亞東復星工業技術發展有限公司), an indirectly wholly-owned subsidiary of Fosun International Limited.

Beijing Xingshi is a limited partnership established under the laws of the PRC. Its general partner is Beijing Xingyuan Innovation Equity Investment Fund Management Co., Ltd. (北京星元創新股權投資基金管理有限公司), which is owned by Shanghai Fosun Health Industry Holding Co., Ltd. (上海復星健康產業控股有限公司) as to 70%. Shanghai Fosun Health Industry Holding Co., Ltd. is a directly wholly-owned subsidiary of Fosun High-Tech.

SCGC Group

SCGC is a limited liability company incorporated in the PRC, originally co-founded by State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government (深圳市國有資產監督管理委員會), who still holds a 28.20% equity interest as its largest shareholder, and a group of private partners in 1999. SCGC is now a state-owned and independently-managed venture capital investment institution with around RMB442.4 billion under management and primarily invests in innovative high-tech companies in the emerging industries in their start-up, growth or pre-IPO stage, including investments in IT, new media, healthcare, new energy, environment protection, chemical engineering, new material, advanced manufacturing, consumer goods, etc.

Shenzhen Hongtu and Dongguan Hongtu are funds in a form of limited partnership established under the laws of the PRC and managed by their respective general partners, Shenzhen Hongtu Intelligent Equity Investment Management Co., Ltd. (深圳市紅土智能股權投資管理有限公司) and Dongguan Hongtu Equity Investment Management Co., Ltd. (東莞紅土股權投資管理有限公司). Shenzhen Hongtu Intelligent Equity Investment Management Co., Ltd. and Dongguan Hongtu Equity Investment Management Co., Ltd. are indirectly wholly-owned subsidiaries of SCGC.

Oriental Fortune

Shenzhen Oriental Fortune and SME Fund, both of which are limited partnerships established under the laws of the PRC, are venture capital investment funds managed and controlled by their respective general partners, Shenzhen Oriental Fortune Venture Capital Investment Management Co., Ltd. (深圳市東方富海創業投資管理有限公司) and Shenzhen Fortune SME Development Fund Equity Investment Management Co., Ltd. (深圳市富海中小企業發展基金股權投資管理有限公司). Shenzhen Oriental Fortune Venture Capital Investment Management Co., Ltd. is a wholly-owned subsidiary of Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. (深圳市東方富海投資管理股份有限公司) ("Oriental Fortune Capital"), by which SME Fund is ultimately controlled. Oriental Fortune Capital is a limited liability company incorporated under the laws of the PRC and a reputable venture capital institutional investor with a focus on small and medium sized growth-oriented companies.

Jiuzhao

Jiuzhao Yaquan, Pingxiang Jiuzhao, Jiuzhao Anyuan, Jiuzhao Yunlian and Jiuzhao Hexuan are funds in a form of limited partnership established under the laws of the PRC and managed by their general partner, Kunshan Jiuzhao Kangqian Investment Management Co., Ltd. (昆山玖兆康乾投資管理有限公司), which is owned as to 51%, 39% and 10% by Ms. Chen Yanfei (陳燕飛), Mr. Shen Hongli (沈洪利) and Ms. Wang Yuxia (王雨霞), respectively.

Dazhong Public

Dazhong Public is a leading public utility service provider in Shanghai incorporated under the laws of the PRC and listed on the Stock Exchange (stock code: 1635) and the Shanghai Stock Exchange (stock code: 600635). It complements its operations with strategic and financial investments in its associated companies in public utility and other industries.

Gongtong Jiayuan

Gongtong Jiayuan is an investment company incorporated under the laws of the PRC and indirectly wholly-owned by Greater Bay Area Homeland Investments Limited (大灣區共同家園投資有限公司) ("Greater Bay Area Limited"). Greater Bay Area Limited is a company incorporated in Hong Kong with limited liability that is owned by a number of international large-scale industrial institutions, financial institutions and new economic enterprises, each of which holds less than 15% shareholding in Greater Bay Area Limited.

Hongzheng Junfang

Hongzheng Junfang is an investment company incorporated under the laws of the PRC and a directly wholly-owned subsidiary of Hongta Securities Co., Ltd. (紅塔證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601236) and a securities company in the PRC.

Shanghai Guoxin

Shanghai Guoxin is an investment company incorporated under the laws of the PRC and an equity investment platform indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Shanghai Municipality (上海市人民政府國有資產監督管理委員會), with a focus on high-tech industries and financial and modern service industries.

Watertek

Watertek is a PRC company listed on the Shenzhen Stock Exchange (stock code: 300324). It is principally engaged in, among others, the provision of information security and information service products and platforms in the areas of tax and finance.

Beijing Watertek Baiwang Technology Co., Ltd. (北京旋極百旺科技有限公司) is a subsidiary of Watertek and Baiwang Jinfu Technolgy Co., Ltd. (百望金賦科技有限公司) is a joint venture of Watertek. During the Track Record Period, (a) there had not been any sharing of resources between our Group on the one hand, and Beijing Watertek Baiwang Technology Co., Ltd. and/or Baiwang Jinfu Technolgy Co., Ltd. on the other hand; (b) Beijing Watertek Baiwang Technology Co., Ltd. and Baiwang Jinfu Technolgy Co., Ltd. did not own any intellectual property right of any technologies developed or adopted by our Group (or vice versa) in the operation; and (c) save for Ms. Huang Haitao, a former Director who currently serves as a director of Beijing Watertek Baiwang Technology Co., Ltd., to the best knowledge, our Company is not aware of any overlapping directors or senior management personnel between our Group on the one hand, and Beijing Watertek Baiwang Technology Co., Ltd. and/or Baiwang Jinfu Technology Co., Ltd. on the other hand.

See "—Our Company—Early Shareholding Changes of Our Company" for more details of Watertek.

Compliance with the Guide for New Listing Applicants

Based on the documents provided by the Company relating to the [**REDACTED**] investments, the Sole Sponsor has confirmed that the [**REDACTED**] investments are in compliance with the Chapter 4.2 of the Guide for New Listing Applicants published by the Stock Exchange.

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, the equity transfers and increases in the registered capital in respect of our Company and our Company's principal subsidiary, as described above have been granted all regulatory approvals, registrations or filings in accordance with PRC laws and regulations.

SHARE INCENTIVE PLATFORMS

In recognition of the contributions of our key employees and consultants and to incentivize them to further promote our development, we adopted a share incentive scheme (the "Share Incentive Scheme") on January 31, 2021, to award the partnership interest in our share incentive platforms to the scheme participants. As of the Latest Practicable Date, Tianjin Duoying and its limited partners including Tianjin Shuitong Technology Center (Limited Partnership) (天津税通科技中心(有限合夥)) ("Tianjin Shuitong"), Tianjin Piaoying Technology Center (Limited Partnership) (天津票盈科技中心(有限合夥)) ("Tianjin Piaoying"), Tianjin Piaowang Technology Center (Limited Partnership) (天津票旺科技中心(有限合夥)) ("Tianjin Piaowang"), Tianjin Piaofu Technology Center (Limited Partnership) (天津票福科技中心(有限合夥)) ("Tianjin Piaofu"), and Ningbo Xiu'an and its limited partners including Tianjin Piaoxiang Technology Center (Limited Partnership) (天津票享科技中心(有限合夥)) ("Tianjin Piaoxiang") and Tianjin Piaohui Technology Center (Limited Partnership) (天津票匯科技中心(有限合夥)) ("Tianjin Piaohui"), were established as our share incentive platforms.

According to the Share Incentive Scheme and the respective grant agreements, our certain employees and consultant were granted awards and registered as the limited partners of the relevant share incentive platforms upon grants of their awards. All management and voting powers of the share incentive platforms are exercised by their sole general partner, Ms. Chen, according to the respective partnership agreements, whereas the relevant employees and consultant as the limited partners of such share incentive platforms are entitled to the economic interest.

Tianjin Duoying

Tianjin Duoying was established as a limited partnership under the laws of the PRC on July 27, 2017. As of the Latest Practicable Date, Tianjin Duoying held 6.89% of our Shares.

As of the Latest Practicable Date, the partnership structure of Tianjin Duoying was as follows:

Name	Position/function	Capacity of partnership interests in Tianjin Duoying	Approximate percentage of partnership interests (%)
Ms. Chen	Chairlady of our Board, general manager and executive Director	General partner	1.72
Tianjin Piaoying	Share incentive platform	Limited partner	43.16
Tianjin Shuitong	Share incentive platform	Limited partner	19.00
Tianjin Piaofu	Share incentive platform	Limited partner	9.58
Tianjin Piaowang	Share incentive platform	Limited partner	9.38

Name	Position/function	Capacity of partnership interests in Tianjin Duoying	Approximate percentage of partnership interests (%)
Ms. Wang Yilin (王藝霖)	External consultant	Limited partner	1.34
Mr. Chen Gang (陳崗)	Procurement director and an associate of Ms. Chen	Limited partner	0.94
Ms. Shi Haixia (史海霞)	Supervisor	Limited partner	0.27
32 other employees	N/A	Limited partner	14.61

Ningbo Xiu'an

Ningbo Xiu'an was established as a limited partnership under the laws of the PRC on August 2, 2017. As of the Latest Practicable Date, Ningbo Xiu'an held 9.23% of our Shares.

As of the Latest Practicable Date, the partnership structure of Ningbo Xiu'an was as follows:

Name	Position/function	Capacity of partnership interests in Ningbo Xiu'an	Approximate percentage of partnership interests (%)
Ms. Chen	Chairlady of our Board, general manager and executive Director	General partner	14.00
Tianjin Piaoxiang	Share incentive platform	Limited partner	20.00
Tianjin Piaohui	Share incentive platform	Limited partner	10.00
Mr. Yang Zhengdao (楊正道)	Executive Director	Limited partner	22.75
Mr. Zou Yan (鄒岩)	Executive Director	Limited partner	16.50
Four other employees	N/A	Limited partner	16.75

Tianjin Shuitong

Tianjin Shuitong was established as a limited partnership under the laws of the PRC on December 15, 2020. Tianjin Shuitong is a limited partner of Tianjin Duoying and held 19.00% of the partnership interest in Tianjin Duoying as of June 21, 2023.

As of the Latest Practicable Date, the partnership structure of Tianjin Shuitong was as follows:

Name	Position/function	Capacity of partnership interests in Tianjin Shuitong	Approximate percentage of partnership interests (%)
Ms. Chen	Chairlady of our Board, general manager and executive Director	General partner	3.70
Mr. Zheng Tianhao (鄭天昊)	Joint company secretary	Limited partner	0.71
36 other employees	N/A	Limited partner	95.59

Tianjin Piaoying

Tianjin Piaoying was established as a limited partnership under the laws of the PRC on December 15, 2021. Tianjin Piaoying is a limited partner of Tianjin Duoying and held 43.16% of the partnership interest in Tianjin Duoying as of June 21, 2023.

As of the Latest Practicable Date, the partnership structure of Tianjin Piaoying was as follows:

Name	Position/function	Capacity of partnership interests in Tianjin Piaoying	Approximate percentage of partnership interests (%)
Ms. Chen	Chairlady of our Board, general manager and executive Director	General partner	0.54
Mr. Zou Yan	Executive Director	Limited partner	10.87
Ms. Jin Xin (金鑫)	Executive Director	Limited partner	10.87
Mr. Hou Shifei (侯世飛)	Vice president, chief financial officer and Board secretary	Limited partner	7.76
Mr. Jiaoyang (焦陽)	Joint company secretary	Limited partner	2.33
Mr. Li Yunfeng (李雲峰)	Supervisor	Limited partner	3.11
23 other employees	N/A	Limited partner	64.52

Tianjin Piaowang

Tianjin Piaowang was established as a limited partnership under the laws of the PRC on December 29, 2021. Tianjin Piaowang is a limited partner of Tianjin Duoying and held 9.38% of the partnership interest in Tianjin Duoying as of the Latest Practicable Date.

As of the Latest Practicable Date, the partnership structure of Tianjin Piaowang was as follows:

Name	**Position/function**	**Capacity of partnership interests in Tianjin Piaowang**	**Approximate percentage of partnership interests (%)**
Ms. Chen	Chairlady of our Board, general manager and executive Director	General partner	0.0001
Mr. Yang Zhengdao	Executive director	Limited partner	50.00
One other employee	N/A	Limited partner	50.00

Tianjin Piaofu

Tianjin Piaofu was established as a limited partnership under the laws of the PRC on December 23, 2021. Tianjin Piaofu is a limited partner of Tianjin Duoying and held 9.58% of the partnership interest in Tianjin Duoying as of the Latest Practicable Date.

As of the Latest Practicable Date, the partnership structure of Tianjin Piaofu was as follows:

Name	**Position/function**	**Capacity of partnership interests in Tianjin Piaofu**	**Approximate percentage of partnership interests (%)**
Ms. Chen	Chairlady of our Board, general manager and executive Director	General partner	4.20
30 other employees	N/A	Limited partner	95.80

Tianjin Piaoxiang

Tianjin Piaoxiang is a limited partnership established under the laws of the PRC on June 15, 2023. Tianjin Piaoxiang is a limited partner of Ningbo Xiu'an and held 20.00% of the partnership in Ningbo Xiu'an as of the Latest Practicable Date.

As of the Latest Practicable Date, the partnership structure of Tianjin Piaoxiang was as follows:

Name	Position/function	Capacity of partnership interests in Tianjin Piaoxiang	Approximate percentage of partnership interests (%)
Ms. Chen	Chairlady of our Board, general manager and executive Director	General partner	49.00
40 other employees	N/A	Limited partner	51.00

Tianjin Piaohui

Tianjin Piaohui is a limited partnership established under the laws of the PRC on June 15, 2023. Tianjin Piaohui is a limited partner of Ningbo Xiu'an and held 10.00% of the partnership in Ningbo Xiu'an as of the Latest Practicable Date.

As of the Latest Practicable Date, the partnership structure of Tianjin Piaohui was as follows:

Name	Position/function	Capacity of partnership interests in Tianjin Piaohui	Approximate percentage of partnership interests (%)
Ms. Chen	Chairlady of our Board, general manager and executive Director	General partner	31.75
28 other employees	N/A	Limited partner	68.25

PROPOSED A SHARE INITIAL PUBLIC OFFERING

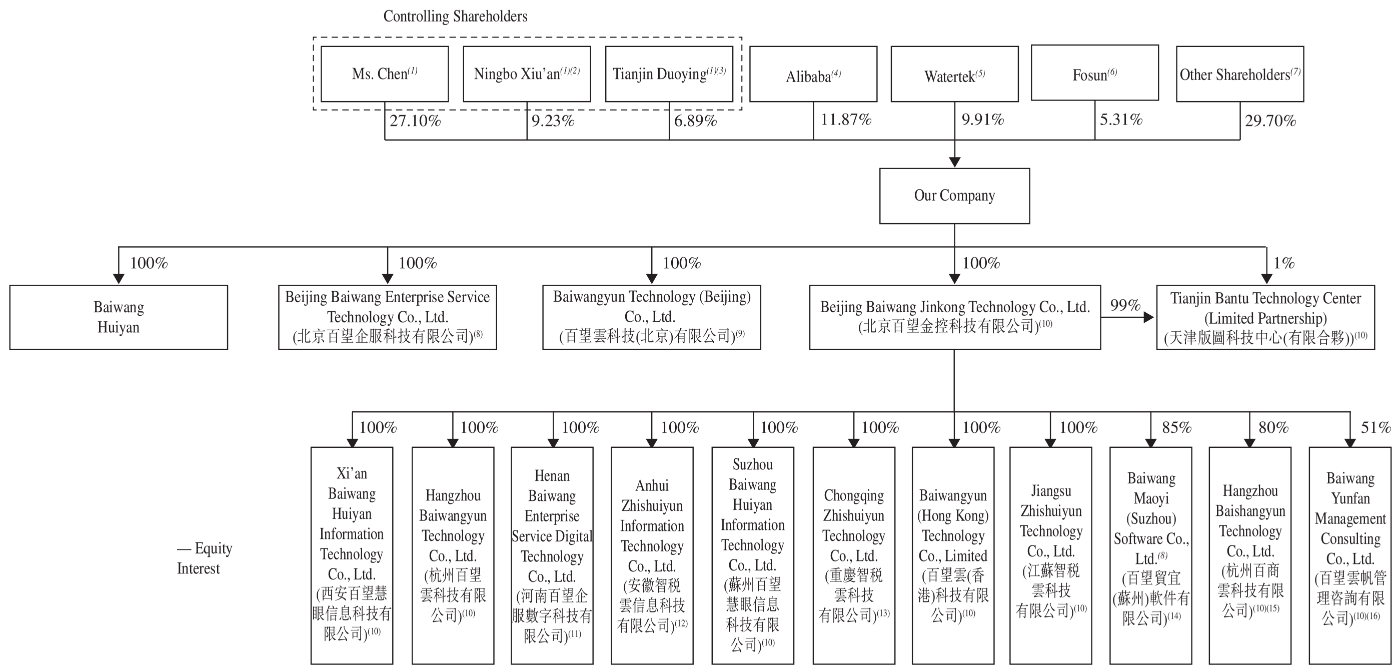
On January 7, 2021, we entered into a tutoring agreement with China Securities Co., Ltd. (中信建投證券股份有限公司) in preparation for the A share listing application (the "Proposed A Share Listing Application"). Due to the then prolonged and uncertain listing timetable in light of the overall A share vetting process, and considering that [**REDACTED**] on the Stock Exchange would provide us with an international platform to gain access to foreign capital and to promote us to overseas [**REDACTED**], in September 2021, we suspended our preparation for the Proposed A Share Listing Application to seek a [**REDACTED**] of our Shares on the Stock Exchange to expedite our [**REDACTED**] plan, and decided not to file the tutoring agreement with the CSRC and therefore the tutoring has not been commenced in accordance with the terms of the tutoring agreement. During our preparation for the Proposed A Share Listing Application, save for the reasons as disclosed above, we did not encounter any material difficulties or legal impediments which led us to suspend the preparation for the Proposed A Share Listing Application. As of the Latest Practicable Date, we did not file any A share listing application or any materials for tutoring and restructuring in preparation for the Proposed A Share Listing Application with any representative office of the CSRC or domestic stock exchange in the PRC.

To the best of our Directors' knowledge, the CSRC did not make any comment or enquiry to us in connection with the Proposed A Share Listing Application, and our Directors are not aware of (1) any other matters relating to the Proposed A Share Listing Application that are relevant to the [**REDACTED**] and should be reasonably highlighted in this document for [**REDACTED**] to form an informed assessment of our Company; (2) any enquiries from China Securities Co., Ltd. relating to the Proposed A Share Listing Application that would affect our Company's suitability for [**REDACTED**] on the Stock Exchange; (3) any other matters relating to the Proposed A Share Listing Application that may have implications on our Company's suitability for [**REDACTED**] on the Stock Exchange or on the truthfulness, accuracy and completeness of information disclosed in this document; (4) any disagreement or dispute between us and the professional parties involving in the Proposed A Share Listing Application; and (5) any other matters that need to be brought to the attention of the Stock Exchange and [**REDACTED**] in Hong Kong in relation to the Proposed A Share Listing Application.

We plan to resume our preparation for the Proposed A Share Listing Application at an appropriate time after at least six months after the [**REDACTED**], subject to the requirements of the Listing Rules. Notwithstanding the foregoing, there is no assurance that we will conduct an A share initial public offering in the future.

CORPORATE STRUCTURE

The following chart sets forth our corporate structure immediately prior to the [**REDACTED**] and the [**REDACTED**]:



(1) See "—Our History and Development—Overview" for the relationship among Ms. Chen, Ningbo Xiu'an and Tianjin Duoying.

(2) See "—Share Incentive Platforms—Ningbo Xiu'an" for the shareholding structure of Ningbo Xiu'an.

(3) See "—Share Incentive Platforms—Tianjin Duoying" for the shareholding structure of Tianjin Duoying.

(4) See "—[**REDACTED**] Investors—Information regarding Our Principal [**REDACTED**] Investors—Alibaba" for the shareholding structure of Alibaba.

(5) See "—Our Company—Early Shareholding Changes of Our Company" for the shareholding structure of Watertek.

(6) See "—[**REDACTED**] Investors—Information regarding Our Principal [**REDACTED**] Investors—Fosun" for the shareholding structure of Fosun.

(7) As of the Latest Practicable Date, 43 other Shareholders who are also our [**REDACTED**] Investors each held less than 5% shareholding of our Company. See "—[**REDACTED**] Investments" for details.

(8) Beijing Baiwang Enterprise Service Technology Co., Ltd. is primarily engaged in the provision of technology development services.

(9) Baiwangyun Technology (Beijing) Co., Ltd., is primarily engaged in the provision of technology development services.

(10) Such subsidiaries of our Company did not have any substantial operation during the Track Record Period and up to the Latest Practicable Date.

(11) Henan Baiwang Enterprise Service Digital Technology Co., Ltd. is primarily engaged in the provision of technology development services.

(12) Anhui Zhishuiyun Information Technology Co., Ltd. is primarily engaged in the provision of intelligent supply chain collaboration solutions.

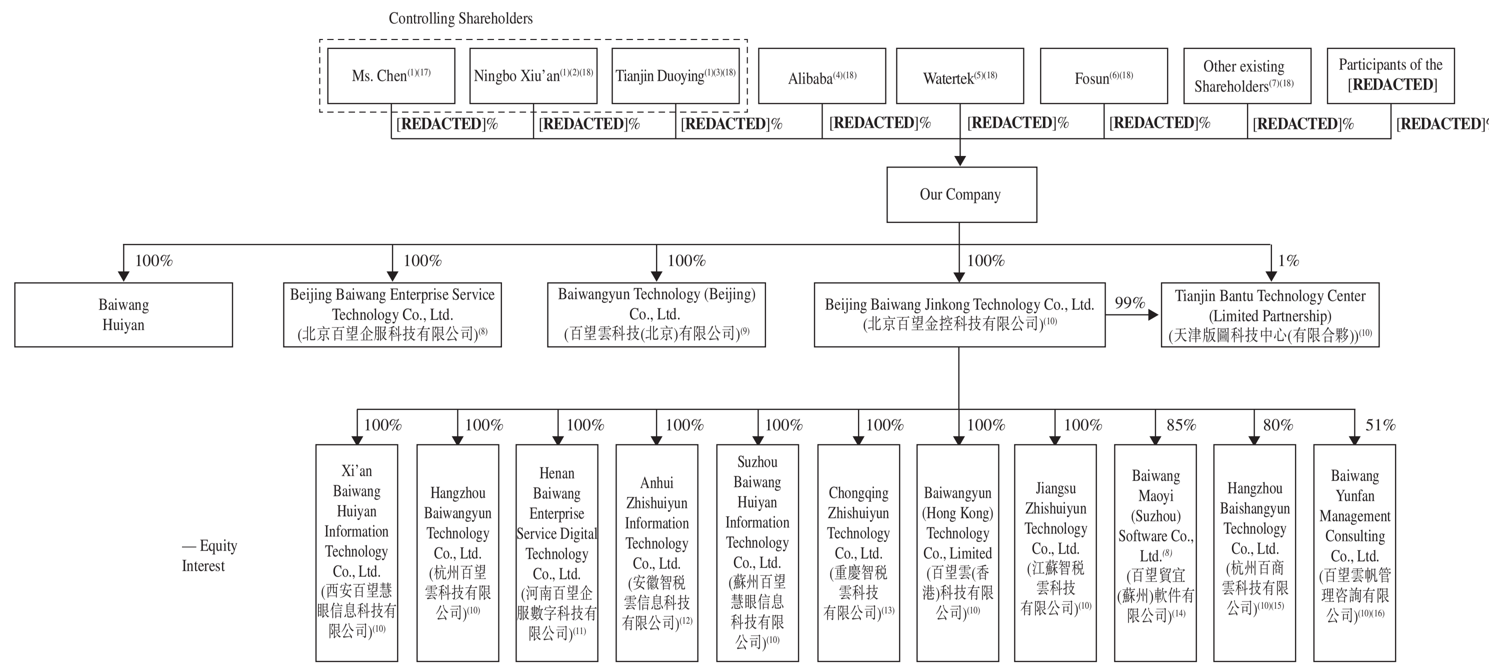
(13) Chongqing Zhishuiyun Technology Co., Ltd. is primarily engaged in the provision of the contingent workforce management services.

(14) Baiwang Maoyi (Suzhou) Software Co., Ltd. is primarily engaged in the provision of financial & tax digitalization solutions. As of the Latest Practicable Date, 15% of the equity interest in Baiwang Maoyi (Suzhou) Software Co., Ltd. was owned by Shanghai Yiqin Software Co., Ltd. (上海宜芩軟件有限公司). Shanghai Yiqin Software Co., Ltd. was in turn owned by Tradeshift Asia Holdings Limited, an independent third party, as to 95.00%, and Beijing Baiwang Jinkong Technology Co., Ltd., a subsidiary of our Company, as to 5.00%. Tradeshift Asia Holdings Limited was indirectly wholly owned by Tradeshift Holdings Inc., an independent third party.

(15) As of the Latest Practicable Date, the entire remaining equity interest in Hangzhou Baishangyun Technology Co., Ltd. was owned by China Industry and Commerce Press Co., Ltd. (中國工商出版社有限公司), an independent third party (except for its interest in Hangzhou Baishangyun Technology Co., Ltd.). China Industry and Commerce Press Co., Ltd. was directly wholly owned by the State Council.

(16) As of the Latest Practicable Date, the entire remaining equity interest in Baiwang Yunfan Management Consulting Co., Ltd. was owned by Beijing Hongfan Enterprise Consulting Co., Ltd. (北京弘帆企業咨詢有限公司), an independent third party (except for its interest in Baiwang Yunfan Management Consulting Co., Ltd.). Beijing Hongfan Enterprise Consulting Co., Ltd. was owned by Mr. Lan Benjun (蘭本軍) and Mr. Lan Zimai (蘭子麥), both of whom are independent third parties, as to 90% and 10%, respectively.

The following chart sets forth our corporate structure immediately after the completion of the [**REDACTED**] and the [**REDACTED**], without taking into account any H Shares which may be issued upon the exercise of the [**REDACTED**]:



(1) to (16) See notes to the corporate structure chart on pages 182 to 183.

(17) The entire Shares held by Ms. Chen will not [**REDACTED**] into H Shares upon the completion of the [**REDACTED**] and the [**REDACTED**].

(18) Immediately upon the completion of the [**REDACTED**] and the [**REDACTED**], [**REDACTED**] Domestic Shares (representing [**REDACTED**]% of total issued Shares of the Company upon completion of the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised)) held by 50 existing Shareholders prior to the conversion will be [**REDACTED**] into H Shares. Such [**REDACTED**] has been approved by the CSRC on January 2, 2024 and is still subject to the approval by the Stock Exchange. See "Share Capital–[**REDACTED**]" for the respective numbers of Domestic Shares and H Shares held by the relevant Shareholders and the corresponding percentages of such Shares in the total issued share capital of our Company immediately after the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is exercised).

OVERVIEW

We are an enterprise digitalization solutions provider in China, focusing on offering SaaS financial & tax digitalization and data-driven intelligence solutions through our *Baiwang Cloud* platform. We process a variety of transaction documents, including among others, invoices, receipts, bills, and other accounting records, that accurately reflect key business transactions of enterprises. Empowered by valuable insights into voluminous transaction data and equipped with advanced big data analytics capabilities, we facilitate the automated and digitalized business decision-making by financial service providers and other enterprise customers. We believe we are well-positioned to capture the market opportunities, leveraging our leadership as evidenced by the following, according to the F&S Report:

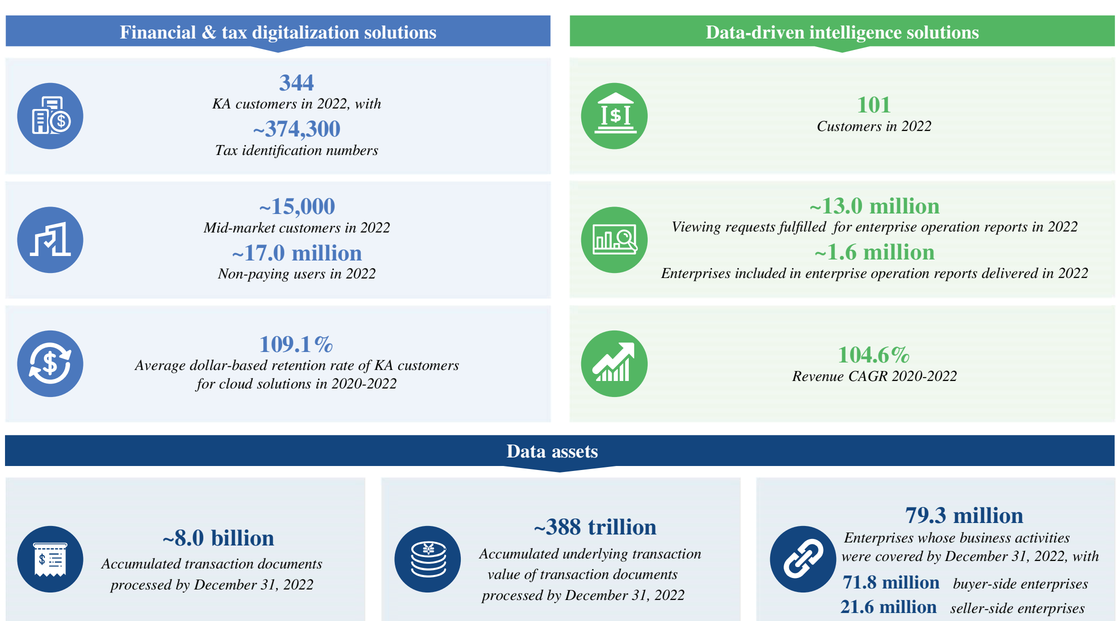
- we ranked first in China's cloud financial and tax-related transaction digitalization market in 2022 in terms of revenue, representing a market share of 6.6%, and second in China's financial and tax-related transaction digitalization market in 2022 in terms of revenue, representing a market share of 4.3%;

- we ranked first among financial and tax-related transaction digitalization solution providers in China, with approximately 0.7 billion invoice processing requests fulfilled through our cloud solutions in 2022;

- we ranked second among financial and tax-related transaction digitalization solution providers in China, with approximately 1.7 billion VAT invoices issued through our cloud solutions in 2022; and

- we ranked second in China's transaction-based big data analytics for SMB financing market in 2022 in terms of revenue, representing a market share of 5.9%.

The following diagram illustrates our key operating achievements during the periods indicated.



We strive to connect enterprises of different scales across industries and enable them to transact in a more intelligent, efficient, coordinated and compliant manner. Since our inception, we have strategically leveraged information security and compliance technologies, which we believe are an indispensable component of the digital transaction infrastructure, to facilitate the digitalized processing and circulation of transaction documents. We have launched a suite of digitalization solutions covering the key processes of enterprise transactions, from procurement, billing, invoicing, to automated management of account receivables and payables and tax filings. The voluminous transaction data accumulated through our service offerings, together with our strong big data analytics capabilities, has enabled us to obtain valuable data insights and facilitate the optimization of decision-making by financial service providers and other enterprises across industries.

Capitalizing on favorable government policies and prominent market demand, we have attracted a large base of KA customers, including some of the largest commercial banks, insurance companies, internet giants, and other industry-leading corporate conglomerates in China. The in-depth industry know-how and reputation accumulated through serving these KA customers have allowed us to attract a growing number of mid-market customers and further penetrate into more industry verticals. In 2022, with our financial & tax digitalization solutions, we served 344 KA customers comprising distinct legal entities with approximately 374,300 tax identification numbers, approximately 15,000 mid-market customers, and approximately 17.0 million non-paying users, which are primarily small and micro-sized businesses.

As we continue to provide financial & tax digitalization solutions and with proper authorization from customers and users, we have access to a massive volume of transaction documents and data. Leveraging our big data analytics technology, we uncover business trends and insights from desensitized transaction data and develop our data-driven intelligence solutions, which are offered primarily to financial service providers to empower their business development and risk management. In 2022, we served 101 customers with our data-driven intelligence solutions, and we fulfilled approximately 13.0 million viewing requests for enterprise operation reports, with approximately 1.6 million enterprises included in the enterprise operation reports delivered.

Our Market Opportunities

We have capitalized on the favorable government policies driving the development of China's financial and tax-related transaction digitalization market to rapidly grow our business. The following diagram illustrates the policy evolutions in such market.

2012 B2V (營改增) Tax Reform

The B2V tax reform launched by the PRC government in 2012, and its subsequent comprehensive implementation, had promoted the rapid adoption of e-invoices in industries such as banking, insurance, telecommunications and retail, creating demands of centralized invoice management from corporate conglomerates.

2015 SDI (放管服) Reform

The "Streamline the government, Delegate power and Improve government services" reform launched by the PRC government in 2015, along with the third phase of Golden Tax Project, had nurtured a favorable operation environment for small and micro-sized businesses, and stimulated the development of SMB financing.

2021 Digital Invoice (數電票) Pilot Program

The digital invoice pilot program launched in 2021 and its nationwide implementation facilitates the reduction of transaction costs and brings about the transformation of intelligent financial and tax management and application of transaction-based big data.

The adoption and proliferation of e-invoices have facilitated the digital transformation of enterprises' financial and tax management. Driven by enterprises' growing demands for operational efficiency, cost-saving and compliance, China's financial and tax-related transaction digitalization market, in term of revenue, increased from RMB3.7 billion in 2018 to RMB5.9 billion in 2022, at a CAGR of 12.4%, and is expected to reach RMB19.3 billion in 2027, at a CAGR of 26.7% from 2022 to 2027. The market size of China's financial and tax-related transaction digitalization market, as a percentage of the total transaction digitalization market in China in terms of revenue, was 3.5% and 3.1% in 2018 and 2022, respectively, and is expected to increase to 5.6% in 2027. The market size of China's financial and tax-related transaction digitalization market, as a percentage of the total enterprise digitalization market in China in terms of revenue, remained relatively stable at 0.9% and 0.9% in 2018 and 2022, respectively, and is expected to increase to 1.7% in 2027.

In an effort to facilitate economic growth and promote employment, the PRC government has continued to promote SMB financing. However, due to the massive number of small and micro-sized businesses in China and the lack of objective and reliable metrics to assess their financial condition, financial service providers are in dire need of comprehensive risk management capabilities to accurately evaluate the financial condition of small and micro-sized businesses to make informed lending decisions. By using big data analytics as a solution to examine the transaction nature, amount, frequency and other transaction information of small and micro-sized businesses as reflected in their transaction documents, financial service providers are able to discern their scales and transaction patterns and identify their potential financing needs and the associated credit risks.

Driven by the development of SMB financing in China, big data analytics solutions have been quickly adopted by financial service providers in China for cost-effective risk management and customer acquisition. China's transaction-based big data analytics for SMB financing market, in terms of revenue, increased from RMB1.3 billion in 2018 to RMB4.5 billion in 2022, at a CAGR of 35.2%, and is expected to reach RMB15.3 billion in 2027, at a CAGR of 28.0% from 2022 to 2027. The market size of China's transaction-based big data analytics for SMB financing market, as a percentage of the total big data analytics for SMB financing market in China in terms of revenue, increased from 18.6% in 2018 to 19.7% in 2022, and is expected to increase to 21.2% in 2027.

China's financial and tax-related transaction digitalization market and transaction-based big data analytics for SMB financing market are relatively fragmented with increasingly intense market competition. Top five players in China's financial and tax-related transaction digitalization market accounted for 21.3% of total market share in terms of revenue in 2022, with more than 150 market players competing in such market in 2022, according to the F&S Report. Top five players in China's transaction-based big data analytics for SMB financing market accounted for 24.8% of total market share in terms of revenue in 2022, with more than 150 market players competing in such market in 2022, according to the same source.

Our Path of Evolution

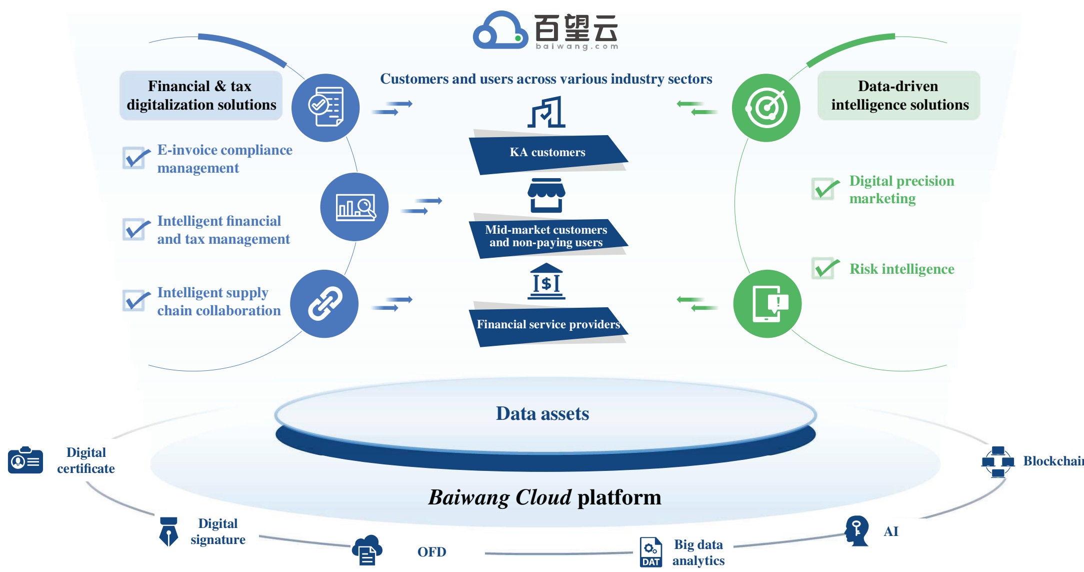
Since our inception, we have closely tracked the development of China's financial and tax-related transaction digitalization market, and promoted market development through the following stages.

Early stage (from 2015 to 2020). In 2015, we began to develop on-premises applications for digitalized and centralized invoice and tax management to leverage the vast market opportunities brought about by the B2V tax reform, which created substantial needs for enterprises to centralize management of financial and tax matters. We primarily focused on industry-leading companies and corporate conglomerates, and quickly accumulated numerous industry-leading customers. Following multiple government initiatives to promote tax digitalization and e-invoices, we began to develop our cloud solutions and digitalized financial and tax management capabilities to meet the growing demand of enterprises to switch from paper invoices to e-invoices in their daily operations. In 2015, we established *Baiwang Cloud* platform and have since attracted a large number of mid-market customers and non-paying users, and grown to be China's largest provider for cloud financial and tax-related transaction digitalization solutions, according to the F&S Report.

Current stage and future development. Starting from 2021, the recent development of Golden Tax Project has further stimulated the digital transformation of enterprises' financial and tax management. To seize the significant market potential and further enlarge our market share, we have continuously strengthened our financial & tax digitalization solutions and promoted the adoption of e-invoices in various business transaction processes. Our technology innovation capability has enabled us to become a joint bid-winner of the development and promotion projects for SAT's e-invoice service platform. In the meantime, catering to the promotion of SMB financing, we have strategically strengthened our data-driven intelligence solutions that empower financial service providers in terms of user acquisition and risk management. Leveraging our experiences serving small and micro-sized businesses and data resources accumulated from our past service offerings, we are well positioned to seize the potential of the big data analytics for SMB financing market.

Our Business Model

We have strategically developed our proprietary *Baiwang Cloud* platform, which is an intelligent business platform integrating advanced technologies, such as digital certificate, digital signature, OFD, big data analytics, AI and blockchain. *Baiwang Cloud* platform enables us to provide customers in an array of industry verticals with reliable, comprehensive and modularized SaaS solutions, including: (1) financial & tax digitalization solutions, delivered in cloud and on-premises applications, consisting of e-invoice compliance management, intelligent financial and tax management and intelligent supply chain collaboration solutions, and (2) data-driven intelligence solutions, consisting of digital precision marketing services and risk intelligence services. During the Track Record Period, we generated revenue primarily through charging (i) recurring subscription fees and/or usage-based fees for cloud financial & tax digitalization solutions, (ii) sales-based fees, usage-based fees and/or annual subscription fees for our data-driven intelligence solutions, and (iii) software license fees, one-time implementation fees and annual maintenance fees for on-premises financial & tax digitalization solutions. The following diagram sets forth the key aspects of our business model.



Our Financial & Tax Digitalization Solutions

<u>*E-invoice compliance management solutions*</u> (電子票據合規管理解決方案). Our e-invoice compliance management solutions enable enterprise customers to digitalize the full-life cycle of e-invoices, from issuance, circulation, analysis to archiving, to help enterprises improve their operational efficiency, cost-saving and compliance. The number of VAT invoices issued through our cloud solutions in 2022 was approximately 1.7 billion, representing an aggregate transaction amount of approximately RMB77.7 trillion.

<u>*Intelligent financial and tax management solutions*</u> (智能財稅管理解決方案). Our intelligent financial and tax management solutions streamline, digitalize and automate enterprise spending and tax management processes, including e-invoice collection, verification and certification, expenditure management, electronic accounting archiving and tax filing, which enable enterprises to gain greater control of spending, achieve cost savings, optimize tax management and improve management efficiency. The number of invoice processing requests fulfilled through our cloud solutions in 2022 was approximately 0.7 billion, and the transaction amount underlying the invoices processed was approximately RMB74.2 trillion.

<u>*Intelligent supply chain collaboration solutions*</u> (智能供應鏈協同解決方案). Our intelligent supply chain collaboration solutions connect enterprises with their business partners along the supply chains, automate account payment management process and streamline settlement collaboration among transaction parties, which effectively reduce labor and time costs traditionally associated with the communication among enterprises and improve transaction efficiency. As of September 30, 2023, transactions with an aggregated amount of approximately RMB95.7 billion had been processed with our intelligent supply chain collaboration solutions.

Our Data-driven Intelligence Solutions

Digital precision marketing services (數字精準營銷服務). Leveraging our big data analytics capabilities, we uncover enterprises' transaction trend and financial performance based on their invoice records and analyze their financing needs. Our digital precision marketing services connect eligible potential users with suitable financial products and empower financial service providers to effectively identify, access and acquire users of financial products.

Risk intelligence services (智能風控服務). Our risk intelligence services comprise enterprise operation reporting services, user analytics services and risk analytics services. Our enterprise operation reporting services enable financial service providers to develop comprehensive and meaningful understanding of relevant enterprises' operational performance and financial well-being as reflected in their digital transaction documents. Our user analytics services identify potential users of financial products based on our analysis of their transaction data, and facilitate the user acquisition by financial service providers. Our risk analytics services devise and configure risk management system for financial service providers, and enable them to optimize their risk control strategies and enhance their ability to independently monitor, detect and manage risks.

Our Data Assets

We process a variety of transaction documents, including among others, invoices, receipts, bills, and other accounting records, that accurately reflect key business activities. As of September 30, 2023, we had processed approximately 12.7 billion transaction documents, covering business activities of approximately 90.9 million enterprises, including approximately 81.9 million buyer-side enterprises and approximately 26.2 million seller-side enterprises, and representing transactions with an aggregate value of approximately RMB569.1 trillion. Leveraging our AI and big data capabilities, we generate differentiated and rich data insights into both internal business operations and transactions among enterprises. Our data assets continue to grow with the growing number and engagement of our customers, which have enabled us to continually expand and upgrade our solution and service offerings.

Our Financial Track Record

We experienced significant growth during the Track Record Period. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, our total revenue was RMB291.1 million, RMB453.8 million, RMB525.8 million, RMB377.3 million and RMB468.4 million, respectively. Our gross profit was RMB134.3 million, RMB216.2 million, RMB214.3 million, RMB156.2 million and RMB136.3 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. We recorded net loss of RMB388.8 million, RMB448.4 million, RMB156.2 million, RMB101.9 million and RMB213.5 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. We recorded adjusted net loss (non-IFRS measure) of RMB41.9 million, RMB16.7 million, RMB70.3 million, RMB61.3 million and RMB125.7 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. See "Financial Information—Consolidated Statements of Profit or Loss and Other Comprehensive Income—Non-IFRS Measure" for details.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors.

Industry-leading provider of enterprise digitalization solutions through self-developed *Baiwang Cloud* platform

We are a pioneer and industry leader in China's financial and tax-related transaction digitalization market, dedicated to facilitating the digitalization of enterprise transactions in China. With a comprehensive and synergistic suite of cloud and on-premises solutions delivered through our self-developed *Baiwang Cloud* platform, we have empowered the transaction digitalization for a large and growing base of enterprise customers across different industries. We have accumulated deep industry know-how, rich data assets and policy insights from providing financial & tax digitalization solutions for enterprise customers since 2015. We have developed acute insights in identifying and addressing the pain points and key compliance issues involved in enterprises' invoice, transaction and compliance management, which greatly strengthens our capabilities to provide transaction digitalization services and reinforces our competitive advantages against peer companies. According to the F&S Report, we ranked first in China's cloud financial and tax-related transaction digitalization market in 2022 in terms of revenue, representing a market share of 6.6%, and second in China's financial and tax-related transaction digitalization market in 2022 in terms of revenue, representing a market share of 4.3%. As a testament of our service capability, we were repeatedly chosen as a service provider for the development and promotion projects for SAT's e-invoice service, management and blockchain platforms during the Track Record Period. During the Track Record Period, we participated in three projects for the upgrade and improvement of the SAT's VAT invoice management system for the design, development, testing, trial operation, promotion and upgrade of certain system functions. We were a joint bid-winner of the development and promotion projects for SAT's e-invoice service platform, and we are responsible for the development and construction of application functions and access channels of the e-invoice service platform and the coordinated testing, pilot, nationwide promotion and maintenance of the platform. In 2022, we participated in the development and application program of tax blockchain platform, where we are responsible for the development and monitoring of certain function module of the tax blockchain platform. We believe our service experience with the SAT has substantially enhanced our branding and reputation, and our participation in the upgrade of SAT's invoice management system, has improved our understanding of tax and invoice compliance requirements, and, in turn, allowed us to develop more useful solutions.

We have accumulated multi-dimensional invoice and transaction data through offering financial & tax digitalization solutions, through which we lay the foundation for our data-driven intelligence solutions. By examining the transaction nature, amount, frequency and other key transaction information as reflected in the massive amount of transaction documents processed through our solutions, we empower financial service providers to effectively discern the financial condition of enterprises, and in particular, small and micro-sized businesses, identify their potential financing needs, manage risks and make informed lending decisions.

According to the F&S Report, we ranked second in China's transaction-based big data analytics for SMB financing market in 2022 in terms of revenue, representing a market share of 5.9%. Since October 2022, we have collaborated with a number of government agencies or their sponsored institutions on data modeling projects related to small and micro-sized businesses, market study and joint development of platforms. We believe such collaborations reflect market recognition of our data analytics capabilities and our market position, and allows us to further improve the effectiveness and expand the application scenarios for our solutions.

Comprehensive solution offerings empowering enterprises' transaction, compliance management and business decision-making

We are able to continually expand our modularized solution offerings in a timely manner, catering to customers' evolving demand. Our financial & tax digitalization solutions comprise e-invoice compliance management solutions, intelligent financial and tax management solutions, and intelligent supply chain collaboration solutions. Our customers can subscribe to a combination of these solutions based on their specific needs. Our cloud solutions are conveniently accessible anywhere and anytime through mobile devices or web portal. The accessibility helps reduce the burden associated with system implementation, upgrade and hosting, enable the delivery of streamlined transaction experience and encourage rapid adoption of our solutions among our customers. Our on-premises financial & tax digitalization solutions, delivered through our proprietary software product, *Intelligent Starship*, integrate a wide range of self-developed programs, to perform financial and tax management functions with industry- and customer-specific configurations. Customers of our on-premises solutions are usually enterprise conglomerates or institutional customers with a heightened demand for data security, IT governance and customized solutions. Our financial & tax digitalization solutions enable customers to digitalize the business activities of their e-invoice, transaction and compliance management, and encompass functions of e-invoice processing, expenditure management, supply chain management and collaboration, which we believe improve operational efficiency, realize cost-savings and strengthen compliance for our customers. We have accumulated substantial data resources. As of September 30, 2023, we had processed approximately 12.7 billion transaction documents, covering business activities of approximately 90.9 million enterprises, including approximately 81.9 million buyer-side enterprises and approximately 26.2 million seller-side enterprises, and representing transactions with an aggregate value of approximately RMB569.1 trillion. We have extracted more than 3,000 performance indicators that can be used to evaluate enterprise operation and are utilized by our data-driven intelligence solutions.

Recognizing the policy trend in favor of SMB financing to facilitate economic growth and promote employment, we have utilized our massive data resources accumulated from financial & tax digitalization solution offerings and big data analytics technologies, and launched data-driven intelligence solutions. With proper authorization from customers, we analyze transaction data derived from transaction documents processed through our solutions, and enable financial service providers to understand the business performance and operation status of enterprises, especially small and micro-sized businesses, identify eligible enterprises with financing needs and improve the risk management of financial service providers. At the same time, we also assist small and micro-sized businesses with financing needs to locate suitable financing products. Leveraging our big data analytics technology, we have also developed intelligent procurement optimization services to empower enterprises to make better procurement decisions.

Our deep customer insights and rich data assets have enabled us to continually expand our service offerings from addressing financial and tax-related pain points to meeting broader transaction needs. As we continue to diversify our product matrix and introduce new solutions, we can aptly accommodate the evolving demands of our customers, and cross- and up-sell our solutions.

Extensive network of loyal, blue-chip customers from diversified industries

Leveraging our industry-leading capabilities in solution design and implementation, we have accumulated numerous industry-leading enterprise customers in China across a variety of industry sectors, such as internet, financial services, transportation, manufacturing, retail and telecommunications. We continue to deepen our engagement with KA customers over the course of their business development, and develop customer- and industry-specific insights to address pain points arising out of their business operations and industry background. We have thus been able to customize existing solutions and developing new ones that accommodate KA customers' requirements and explore cross- and up-selling opportunities. We have accumulated a large and expanding KA customer base. We served 294, 338, 344, 302 and 381 KA customers in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. Our KA customers are primarily industry-leading companies and corporate conglomerates in China, including all the state-owned national commercial banks in China, a majority of the insurance companies licensed to operate in China, and a majority of the top five internet platform companies in China. We have also established longstanding collaboration with KA customers. Our solutions are also deeply embedded into customers' day-to-day business operations and have been seamlessly integrated with their internal system, which further improve customer stickiness. As of December 31, 2022, 80 of our top 100 KA customers in 2020 remained with us.

Our extensive collaboration with these industry-leading enterprise customers has demonstrated our enterprise service capabilities and fostered our brand recognition, which enables us to effectively reach and attract a growing number of mid-market customers and non-paying users, primarily small and micro-sized businesses, and further the vertical penetration for our solutions. Leveraging our experiences in serving KA customers and key technologies accumulated from our service experiences, we have devised service offerings for mid-market customers and small and micro-sized companies that are tailored to their business scenarios with convenient access. We have rapidly achieved nationwide customer coverage through our in-house marketing force and cooperation with a variety of business collaborators. We have worked with these business collaborators, including leading e-commerce platforms in China, to cost-effectively reach and serve a massive number of mid-market customers. Specifically, we served approximately 17.0 million non-paying users in 2022 with our cloud financial & tax digitalization solutions, covering a wide variety of industries, such as retail, catering, education, cosmetic, travel and lifestyle, among others. Such sweeping industry coverage provides us with a large potential customer base and significant monetization opportunities for our financial & tax digitalization and data-driven intelligence solutions.

Robust R&D and technology innovation capabilities

We believe our R&D capabilities form the cornerstone of our competitiveness and long-term growth. Benefiting from our strong product development capabilities, our expertise in financial and tax-related transaction management, and the in-depth understanding of customer needs and industry trends, we have innovated the application of compliance and information security technologies to our financial & tax digitalization solutions. We have spearheaded the application of advanced technologies, such as OFD template management, digital signature management, digital certificate management and blockchain platform, in the financial & tax digitalization solutions. They underpin our ability to deliver solutions that effectively address customers' management and compliance requirement with respect to transaction-related matters, while securing their information and data security.

We have deployed a suite of advanced AI technologies, including knowledge graph, machine learning and natural language processing, to support our data analytics capabilities, which combined with multi-dimensional transaction-related data accumulated from our financial & tax digitalization solutions, have enabled us to offer effective data-driven intelligence solutions to empower our customers' business decision-making and risk management. We have built a dynamic and flexible cloud infrastructure that adopts distributed micro-service framework and can automate service deployment and integration, which allows us to shorten service response time, flexibly customize our solutions based on customer demands and conveniently update the compliance configurations of our solutions.

We have devoted significant resources to continually improving our product development capability, including recruiting and training high-caliber R&D talents with extensive experience in computing and software development related areas, as well as acute insights into industry trends. As of September 30, 2023, we had a dedicated R&D team of 361 members, accounting for 36.3% of our total employees as of the same date. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we incurred research and development expenses of RMB114.1 million, RMB137.8 million, RMB144.3 million, RMB108.5 million and RMB135.5 million, respectively, representing 39.2%, 30.4%, 27.4%, 28.8% and 28.9% of our total revenue in the same periods, respectively. We received a number of accolades for our R&D capability, including New-Generation Information Technology Innovation Enterprise for 2022 and 2023 from CCID Consulting Co. Ltd., Innovation Enterprise Award for Digital Transformation of 2021 from the Chinese Academy of Social Sciences and Frontier Enterprise of Science and Technology Innovation of 2020 from the *People's Daily Online*.

Experienced and visionary management team

We have benefited from the leadership of an entrepreneurial and seasoned management team. Their strategic foresight, in-depth industry knowledge, extensive managerial experience and commitment underpin our current accomplishment and future growth potential. Ms. CHEN Jie, our founder and the chairlady of our Board, is experienced with information security technology and has deep and innovative understanding of financial and tax-related digitalization and rich managerial experience from prior critical roles at various information security and financial digitalization solution providers, which provides insightful guidance on our operations. Mr. YANG Zhengdao, our chief executive officer, has more than 21 years of experience in the IT industry, and served as executive officers and at senior managerial positions in a number of multi-national technology companies. Mr. ZOU Yan, our chief marketing officer, has extensive experience in building e-invoice service platforms for the insurance and transportation industries in China. Ms. JIN Xin, our chief operating officer, has more than 12 years of experiences in the financial service industry. Additionally, members of our senior management of R&D team come from leading technology companies such as Alibaba Group Holding Limited and Microsoft Corporation, and are capable of designing, developing and operating cloud products and systems effectively. Our sales executive team come from well-known companies such as SAP Software Solutions and Oracle Corporation, and have rich experience in market development and promotion of enterprise digitalization software and services.

The entrepreneurship of our senior management has fueled our product and technology innovation, leading to the successful development of various innovative digitalization products and solutions. We are confident that our management team will continue to lead us to innovate, excel and succeed in our industry.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business.

Continue to enrich solution functions and expand solution portfolio

We plan to continue to optimize and enrich the functions of existing solutions and expand solution offerings based on market demands. For our financial & tax digitalization solutions, we plan to expand the compliance and automation capabilities and the transaction document coverage of our e-invoice compliance management solutions to diversify their application scenarios and further penetrate into various industry verticals. We will also improve the intelligent financial and tax management solutions by upgrading the intelligent tax filing functions to improve the automated and centralized tax filings and tax deduction management of all tax types. For our intelligent supply chain collaboration solutions, we will upgrade the functions of reconciliation and account payable automation, and build business collaboration platforms to expand application scenarios and potential customer base. We will also apply big data analytics technology to develop industrial tax analysis and risk identification solutions for enterprises' internal financial and tax management and compliance requirements.

For our data-driven intelligence solutions, we will continue to accumulate data and apply AI technology to multi-dimensional and multi-scenario big data analytics models and develop industry-specific model-as-a-service business model to further empower financial service providers' user acquisition and risk management. We also plan to expand the application of our data-driven intelligence products for enterprise customers to monitor and manage supply chain demands, and launch products with supplier sourcing, marketing and risk management function.

Furthermore, we aim to explore the synergistic effects between our financial & tax digitalization solutions and data-driven intelligence solutions and build an integrated digital business ecosystem to leverage the synergies of our solutions. We believe the digital business ecosystem will empower KA customers and their business partners to efficiently complete business transactions and process related documents. At the same time, financial service providers will be able to evaluate operation status of enterprises within the ecosystem, and offer financial products to a wider base of eligible users.

We intend to allocate approximately [**REDACTED**]% of the [**REDACTED**], or [**REDACTED**] million, from the [**REDACTED**] for our solution upgrade and function enhancement. See "Future Plans and [**REDACTED**]" for details.

Expand customer base in more industry verticals and improve monetization opportunities

Capitalizing on the recent development of the Golden Tax Project and digital invoice reform, we expect more enterprise customers will embrace financial & tax digitalization solutions. We will continue to serve existing KA customers and develop new KA customers in more industry verticals as we keep track of policy changes and constantly update our solution offerings according to the latest regulatory requirements. Leveraging our collaborative relationships with industry-leading KA customers, we plan to fully utilize our nationwide business collaborator network to increase penetration rate among mid-market customers in various industries. Furthermore, we will continue to rely on our regional collaborators and e-commerce platform collaborators to extend our customer outreach.

As we continue to develop and offer financial & tax digitalization solutions that address pain points of small and micro-sized businesses and build platforms around business ecosystem, we believe we can increase customer conversion rate, subscription rate, retention rate and purchase orders from small and micro-sized businesses. We also intend to further monetize our reconciliation and billing management services. By further improving the functions of our supply chain collaboration solutions as applied in more industries and enhancing the digitalization and automation of payment settlements between enterprises along industry supply chains, we believe we can attract more small and micro-sized businesses, as well as the business partners of our customers, and convert them into our customers.

We also plan to enhance our data-driven intelligence solutions so that we can more precisely identify financing needs of small and micro-sized businesses and more effectively match them with suitable financial products, which will increase customer stickiness for our data-driven intelligence solutions, while also benefiting small and micro-sized businesses.

We intend to allocate approximately [**REDACTED**]% of the [**REDACTED**], or [**REDACTED**] million, from the [**REDACTED**] for our sales and marketing initiatives. See "Future Plans and [**REDACTED**]" for details.

Invest in core technologies and drive product innovation on *Baiwang Cloud* platform

We will continue to recruit and train R&D and product development personnel, and increase our R&D investment in core technology capabilities, including cloud computing, big data, blockchain, knowledge graph, cybersecurity, natural language processing, deep learning and data privacy technologies, to improve our solutions and service capability.

We plan to upgrade and equip our *Baiwang Cloud* platform with a business operation platform, a data platform, and a technology platform. The business operation platform provides key services that support our internal operations and external marketing, such as internal operations control, automated reconciliation and settlement, operational efficiency analysis and intelligent decision analysis to improve our digital capabilities of internal and external operations. Based on the voluminous data accumulated through our financial & tax digitalization solutions, the data platform will conduct in-depth data analysis and create cross-industry knowledge graphs and databases. Utilizing our industry-leading AI algorithm technologies, the data platform will also provide data support for our continuous product optimization and upgrade. The technology platform will apply technologies such as cloud computing, rapid application development, and API configuration, to our solutions to ensure their proper functions and facilitate the rapid launch of new iterations of our solutions. We plan to deepen collaboration with academic institutions to further our R&D initiatives to encourage technological innovation.

We intend to allocate approximately [**REDACTED**]% of the [**REDACTED**], or [**REDACTED**] million, from the [**REDACTED**] to enhance R&D capabilities. See "Future Plans and [**REDACTED**]" for details.

Cultivate business ecosystem through strategic cooperation, investment, mergers and acquisitions

We will cooperate with leading companies and public service organizations in various industries to build industry-specific business ecosystem. Specifically, we intend to deepen collaboration with major internet platforms, such as leading e-commerce platforms to more effectively reach small and micro-sized businesses. We also plan to collaborate with leading industry players and launch and expand industry-specific solutions, such as e-invoice solutions designed for highway toll systems, or e-invoice compliance management solutions designed for insurance companies and intelligent supply chain solutions designed for logistic companies. Furthermore, we will further penetrate the supply chain of industry-leading companies to bring their business partners into our business ecosystem.

We also intend to selectively pursue strategic alliance, investment and acquisition opportunities across the value chain of China's enterprise digitalization market to create synergies with our existing business. We will also evaluate and execute alliance, investment and acquisition opportunities that will complement and scale up our business, enhance our brand awareness, enrich our product and service matrix, expand our customer base, optimize our profitability, help us penetrate new industry verticals and add new functions to our solutions. Specifically, we will consider investing in or acquire companies that develop cloud products for intelligent financial and tax management to complement our cloud service matrix, and companies that specialize in promoting financial and tax digitalization products within their respective provincial territories to extend our sales and marketing outreach. As of the Latest Practicable Date, we had not identified any potential investment or acquisition targets, formed any specific acquisition plans or entered into any agreements with potential targets.

We intend to allocate approximately [**REDACTED**]% of the [**REDACTED**], or [**REDACTED**] million, from the [**REDACTED**] to collaborate with and selectively pursue strategic investment and acquisition opportunities. See "Future Plans and [**REDACTED**]" for details.

OUR BUSINESS

We have strategically developed our *Baiwang Cloud* platform, through which we provide users and enterprise customers across industries with SaaS financial & tax digitalization solutions to facilitate secure and reliable inter-organizational invoice, transaction and compliance management. Our financial & tax digitalization solutions consist of e-invoice compliance management, intelligent financial and tax management, and intelligent supply chain collaboration solutions, all of which can be delivered in cloud and on-premises applications. Empowered by our valuable data assets, we also offer data-driven intelligence solutions to facilitate customers' business decision-making.

The following table summarizes our main solution offerings and their respective functions and features, principal customers/users and pricing model.

Solutions	Products and Services	Key Functions and Features	Principal Customers/Users	Pricing
Cloud financial & tax digitalization solutions (雲化財稅數字化解決方案)	E-invoice compliance management solutions (電子票據合規管理 解決方案)	Enable customers to digitalize the process of, among others, e-invoice issuance, delivery and compliance	Enterprises of all sizes across various industry sectors	• Annual subscription fees; • Usage-based fees; and • Implementation service fees
	Intelligent financial and tax management solutions (智能財稅管理解決方案)	Enable customers to record, store and verify e-invoices received by them, streamline accounting document archiving and complete tax filing		
	Intelligent supply chain collaboration solutions (智能供應鏈協同解決方案)	Enable customers to automate account payment and settlement with their business partners		

Solutions	Products and Services	Key Functions and Features	Principal Customers/Users	Pricing
Data-driven intelligence solutions (數據驅動的智能解決方案)	Digital precision marketing services (精準數字營銷服務)	Recommend financial products launched by financial service providers to potential product users	Financial service providers and licensed credit reporting agencies	• Sales-based fees
	Risk intelligence services (智能風控服務)	(1) Enable customers to understand business performance and operation status of potential and existing users based on their e-invoice and transaction records (2) Recommend potential users of financial products to financial service providers (3) Optimize customers' risk control modeling and risk management measures		• Annual subscription fees; • Usage-based fees; and • Project-based fees
On-premises financial & tax digitalization solutions (本地部署財稅數字化解決方案)		(1) Centralize and automate e-invoice compliance and tax management with on-premises application (2) Collect and store structured data for enterprise expenditure and related e-invoices locally in a centralized data base (3) Automate transaction record collection and logging and store electronic accounting archive locally	Large enterprises and corporate conglomerates	• Software license fees; • Implementation fees; • Annual maintenance fees; and • Hardware equipment fees

The following table sets forth our revenue by business lines, both in absolute amounts and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)						(unaudited)			
Cloud solutions	**187,145**	**64.3**	**335,212**	**73.9**	**421,515**	**80.2**	**308,238**	**81.7**	**397,333**	**84.8**
Financial & tax digitalization solutions	124,173	42.7	156,615	34.5	157,996	30.1	118,078	31.3	129,158	27.6
Data-driven intelligence solutions	62,972	21.6	178,597	39.4	263,519	50.1	190,160	50.4	268,175	57.2
— *Digital precision marketing services*	28,109	9.6	94,603	20.9	170,229	32.4	122,360	32.4	179,049	38.2
— *Risk intelligence services*	34,863	12.0	83,994	18.5	93,290	17.7	67,800	18.0	89,126	19.0
On-premises financial & tax digitalization solutions	**96,861**	**33.3**	**110,168**	**24.3**	**93,491**	**17.8**	**60,280**	**16.0**	**68,910**	**14.7**
Others[(1)]	**7,109**	**2.4**	**8,383**	**1.8**	**10,759**	**2.0**	**8,735**	**2.3**	**2,199**	**0.5**
Total	**291,115**	**100.0**	**453,763**	**100.0**	**525,765**	**100.0**	**377,253**	**100.0**	**468,442**	**100.0**

(1) Includes primarily advertisement publishing services.

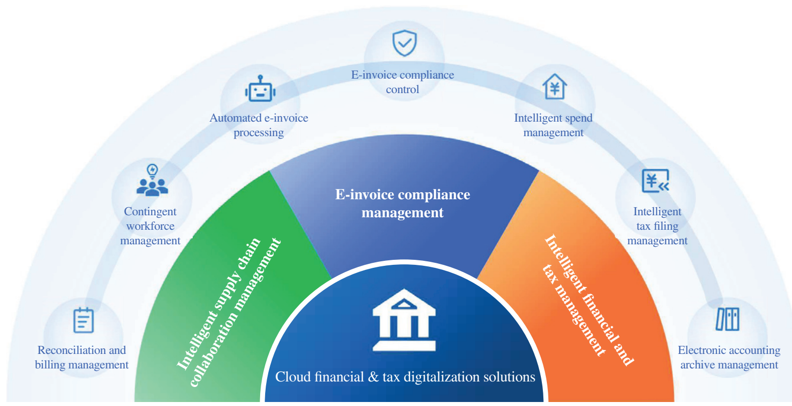
CLOUD SOLUTIONS

Our cloud solutions comprise cloud financial & tax digitalization solutions and data-driven intelligence solutions. Our cloud solutions, delivered in a secure cloud environment, free users from the burden of the heavy capital and operational costs typically associated with hosting on-premises applications, and are therefore well-accepted in the market for its cost-effectiveness, in particular among mid-market companies.

Cloud Financial & Tax Digitalization Solutions

Our cloud financial & tax digitalization solutions digitalize e-invoice management, e-invoice-based transactions and compliance management for enterprises, enabling them to improve operational efficiency, cost-savings and compliance. Our cloud financial & tax digitalization solutions comprise (1) e-invoice compliance management solutions, (2) intelligent financial and tax management solutions, and (3) intelligent supply chain collaboration solutions. Based on their specific needs, our customers can subscribe to these solutions individually or as a combination.

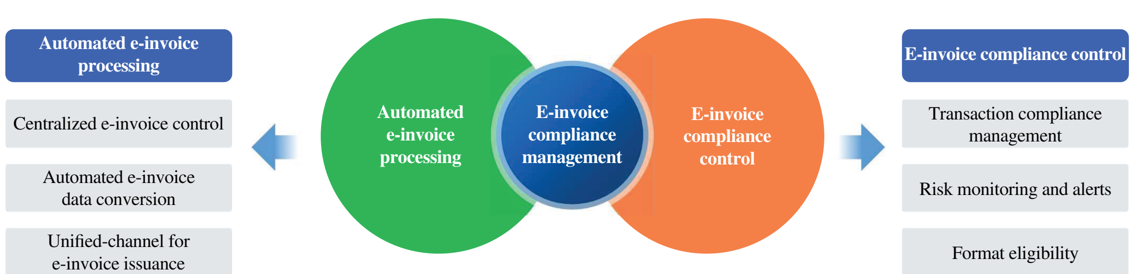
The following diagram demonstrates solution modules of our cloud financial & tax digitalization solutions.



We primarily charge customers annual subscription fees and/or usage-based fees for our cloud financial & tax digitalization solutions. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we had approximately 9,900, 12,370, 14,810, 13,574 and 18,905 customers for our cloud financial & tax digitalization solutions, respectively. We generated revenue of RMB124.2 million, RMB156.6 million, RMB158.0 million, RMB118.1 million and RMB129.2 million from our cloud financial and tax digitalization solutions in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively, accounting for 42.7%, 34.5%, 30.1%, 31.3% and 27.6% of our total revenue in the same periods, respectively.

E-invoice Compliance Management Solutions

Our e-invoice compliance management solutions contain full-life cycle e-invoice management functions, including automated e-invoice processing and e-invoice compliance control services. The following diagram illustrates the capability of our e-invoice compliance solutions.



Automated E-invoice Processing

We have developed the automated e-invoice processing function to assist enterprise customers in coping with their daily e-invoice issuance, delivery and management demands. Our automated e-invoice processing function not only allows customers to conduct basic e-invoice processing activities, such as generation, printing, search and delivery, but also provides value-added features to enable enterprise customers to issue, deliver and manage e-invoices in a centralized, automated manner through a unified channel. In 2022, the number of VAT invoices generated and issued through our cloud solutions was approximately 1.7 billion, and the corresponding aggregate transaction amount was approximately RMB77.7 trillion.

E-invoices are automatically generated and delivered with our solutions, which, with customer authorization, synchronize with customers' internal systems and access details of their business transactions, such as transaction parties, product and service types and transaction amounts. Our solutions then convert such transaction data into relevant e-invoice data and generates the corresponding e-invoices. This invoice generation process automatically matches invoice information with transaction records to achieve efficient invoice ledger management. Our solutions also allow customers to preview and download issued e-invoices and support e-invoice delivery in large batches to designated recipients within a short amount of time. The automated e-invoice issuance process allows customers to save time and costs associated with issuing and delivering traditional paper invoices and minimize manual errors.

The following table summarizes major features of the automated e-invoice processing function of our solution.

Feature	Description
Centralized e-invoice control	Our solutions integrate with customers' internal information system and enable centralized and unified management of user authority, products and services, tax rates, tax codes and information security hardware. The centralized enterprise management helps to standardize and centralize e-invoice management within a large corporation and improve its financial and tax management capabilities.
Automated e-invoice data conversion	Our solutions import enterprises' transaction records, separately calculate and record product or service price and corresponding tax amounts, and split or combine transaction amounts from different transactions for e-invoice issuance. Based on categorized transaction data, our solutions then convert such transaction data into e-invoice data and generate e-invoices in accordance with predesignated e-invoice issuance rules and relevant tax regulations. In addition to transaction data conversion, our solutions automatically populate legal name and tax identification number information based on our data assets. These functions satisfy enterprises' daily e-invoice issuance demands and help enterprises integrate invoice and transaction management.

Feature	Description
Unified channel for e-invoice issuance	Our solutions can support e-invoice issuance via multiple entry points, including information security hardware and various online e-invoice issuance channels.

Pursuant to the applicable PRC rules and regulations, the basic functions of e-invoice generation, printing, search and delivery shall be provided to users free of charge. In view of the potential massive demands from enterprises, in particular small and micro-sized businesses, to conveniently issue and deliver e-invoices, we have developed an array of complimentary applications delivered through our cloud solutions. Users enter e-invoice and transaction information in our applications, which then populate e-invoices with such inputs and issue and deliver e-invoices to the designated recipients free of charge. In 2022, the number of non-paying users of our complimentary applications was approximately 17.0 million. We have been able to up-sell our other solutions to a large number of the non-paying users of our complimentary applications, in particular small and micro-sized businesses, and accumulate valuable transaction data.

E-invoice Compliance Control

Invoices must comply with the specification of applicable laws and regulations in order to be used for taxation and accounting purposes. According to the Administrative Measures of the People's Republic of China on Invoices (中華人民共和國發票管理辦法) and other related regulations, an invoice shall meet the sequence and information requirements, and be issued with digital signature and/or special invoice seal for authentic transactions within the stipulated time limit. Parties to a transaction and government authorities may refuse to accept invoices that fail to satisfy these legal requirements.

Our e-invoice compliance control function enables customers to issue e-invoices in compliance with invoice and tax laws. It incorporates compliance configuration that identifies e-invoices that lack the requisite information or contain errors that may result in their rejections, and correct such deficiencies before actual issuance. Such function ensures that e-invoices issued through our solutions comply with applicable laws and regulations in the following aspects.

- *Transaction compliance management*. Invoices should only be issued for authentic transactions and for actual transaction amount incurred, and fraudulent issuance of invoices, including e-invoices, may constitute criminal offense under PRC laws. Our solutions synchronize with customers' internal ERP system to access the relevant transaction details, such as transaction parties, products and services provided and transaction amount. Based on such system records, our solutions generate e-invoices that are supported by verifiable and authentic transactions. The automated e-invoice generation process greatly reduces the incidence of non-compliant invoices caused by manual errors.

- *Risk monitoring and alerts*. We issue alerts when it detects potential or existing non-compliance incidents to assist enterprises in maintaining compliance with relevant tax and invoice regulations. These non-compliance incidents include insufficient blank invoices, e-invoice verification failures and incomplete tax declaration and filing. Moreover, we monitor enterprises' daily invoice issuance activities and conduct regular checks on underlying invoice and transaction information, so as to prevent e-invoice issuance irregularities.

- *Format eligibility*. E-invoices must be issued and delivered in compliance with designated formats, including portable document format ("PDF") and OFD format. Therefore, enterprises should possess technical capability to generate and review e-invoices in OFD format. E-invoices generated through our solutions are in OFD format and are recognized by relevant tax authorities. See "—Our Technology—Compliance and Information Security Technologies" for details.

Intelligent Financial and Tax Management Solutions

Our intelligent financial and tax management solutions deliver a broad range of functions that traditionally require the use of separate applications. Our solutions automate spending processes and actively manage enterprise expenditures with greater precision, better budget control and more effective risk control. We believe our intelligent financial and tax management solutions help enterprise customers achieve cost savings through digital transformation of their financial and tax management. The following diagram illustrates the service modules of our intelligent financial and tax management solutions.

Intelligent Spend Management

Enterprises in China typically obtain invoices issued by their suppliers to ensure that eligible costs or expenses can be verified and authenticated for internal recordkeeping, accounting, reimbursement and tax deduction purposes. Therefore, it is essential that enterprises properly record, utilize, store and manage invoices received by them and ensure the validity of such invoices. The number of invoice processing requests fulfilled through our cloud solutions under usage-based model was 248.5 million, 449.8 million, 581.8 million, 321.1 million and 328.9 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. Our enterprise spend management solutions enable enterprises to effectively manage e-invoices and transaction records associated with enterprise expenditures, primarily through the following functions.

- *Input VAT management*. Upon our customers' receipt of e-invoices issued by their transaction partners, our solutions automatically examine information accuracy and conduct compliance checks of such e-invoices. See "—E-invoice Compliance Management Solutions—E-Invoice Compliance Control" for details. If we identify any non-compliance incidents, our system will issue an alert and provide correction suggestions. Notably, e-invoices issued by entities with non-compliance history in tax related matters may be deemed as invalid, and present tax compliance risks for enterprises that have already recorded or taken tax deductions for such e-invoices. Our solutions can continuously monitor e-invoice validity status for our customers.

- *Expenditure management*. Through our solutions, customers can manage enterprise expenditures, generate expenditure vouchers and make reimbursement payment. Moreover, we analyze customers' budget control demands and examine e-invoices against the expenditure and voucher information submitted by employees, thereby helping enterprise customers review employee reimbursement requests and generate reimbursement decisions.

Our intelligent spend management solutions are particularly well accepted by logistics and insurance industries. Logistics enterprises have traditionally faced difficulties in obtaining, verifying and managing paper invoices issued by electronic toll collection ("ETC"). Our solutions, through interface connection, gains access to waybill data and other relevant transaction information of logistics enterprises and online freight platform, and automatically initiates ETC e-invoice issuance requests. We then cross-examine these e-invoices with relevant business data to detect missing or inaccurate e-invoices. In addition, we have expanded the application of our invoice verification capability and provided medical bill verification services for insurance companies. Insurance companies need to review and examine supporting documents, such as medical bills, when they audit insurance claims. Our services allow insurance companies to scan and upload medical bills to their internal systems in batches, as well as examine and verify the authenticity of the medical bills. These functions enable insurance companies to improve their intelligent management capabilities with respect to claim-related documents, increase efficiency for claim auditing and lower verification-related costs.

Electronic Accounting Archive Management

Our electronic accounting archive management services enable full-life cycle management of enterprises' electronic accounting files, including accounting vouchers, accounting records, financial reports and other accounting information, allowing enterprises to centralize collection and filing of electronic accounting records generated from enterprises' accounting systems and internal business systems. Our electronic accounting archive management services enable customers to improve compliance with respect to accounting archive management, by ensuring the consistency between archived records and original accounting records, utilizing state cryptography algorithm to prevent tampering and counterfeit and ensure signatory authenticity and tracking archive usage and review history. Our solutions also allow customers to more efficiently manage accounting archive by reducing the use of paper documents and enabling intra-company data and information sharing through centralized archive management.

Intelligent Tax Filing Management

Our intelligent tax filing management solutions enable customers to complete tax filings, including, among others, enterprise income tax and VAT filings, within a few clicks. Our solutions also improve enterprises' tax compliance and risk management capabilities, primarily through the following functions.

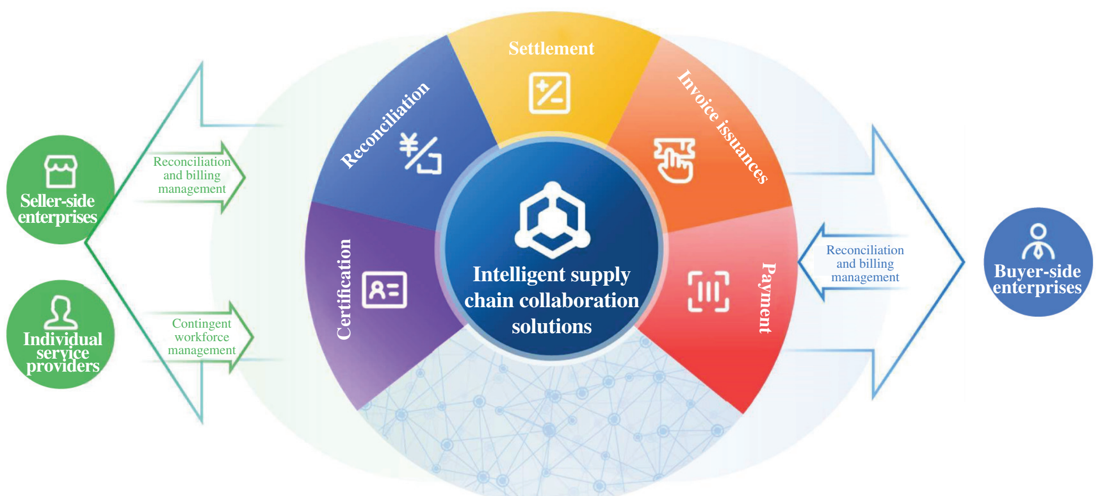
- *Tax data collection*. Through synchronization with customers' internal systems, our solutions extract and collect tax data, such as those derived from their financial, sales, contract and invoice records, and centralize the management and tracking of tax data.

- *Automatic tax amount calculations*. After collecting relevant tax data, our solutions automatically calculate tax payable or return amount pursuant to applicable calculation and verification formula. Our solutions adopt configuration similar to tax forms and utilize tax declaration guidance for standardized and accurate online tax calculations for our customers.

- *Centralized tax filing*. Customers can generate standard tax declaration forms through our solutions, which conducts data and form verification against applicable tax calculation and filing rules to ensure accuracy. Customers can then submit and complete tax filings with a few simple clicks. Enterprise groups with geographically disperse or cross-industry operations can complete their tax filings in a centralized manner, increase transparency for enterprise tax preparation and significantly lower burden for finance and tax personnel.

Intelligent Supply Chain Collaboration Solutions

Enterprises in China traditionally conduct business transactions with the circulation of paper invoices. However, the associated difficulties in securely transmitting and storing paper invoices may interrupt their transaction process. Moreover, enterprises normally face challenges in obtaining VAT invoices from third-party individual service providers to claim applicable tax deduction, as it is generally impractical for individuals to issue VAT invoices to enterprises. These challenges faced by enterprises prompted us to devise our intelligent supply chain collaboration solutions, comprising reconciliation and billing management services and contingent workforce management services, to facilitate customers in their transactions with both enterprise and individual business partners. The following diagram illustrates the service modules of our intelligent supply chain collaboration solutions.



Enterprises typically have numerous business partners during their ordinary course of business, including, among others, their suppliers and customers. The vast transaction volume among these various parties brings about a massive amount of transaction information and data entries, and creates challenges for enterprises to keep consistent transaction records of their business partners. Inconsistent transaction records may cause failure to reconcile or settle account payables, issuance of invalid invoices bearing inaccurate transaction information, and invoice rejection and delayed payment, all of which could interrupt the transaction processes. Moreover, many enterprises still rely on employees to manually complete the payment settlement process, which leads to extended settlement cycle, high rate of manual errors and potentially high labor costs.

We have devised our reconciliation and billing management services to facilitate enterprise customers to conduct and settle transactions with their enterprise business partners. Our reconciliation and billing management services embed a structured communication system, which enable our customers and their business partners to share transaction data and details, and communicate with each other through such system. Our services effect automated invoice issuance based on transaction and order information reviewed and mutually agreed by our customers and their business partners, which improves the accuracy of invoice issuance and reduces potential disputes. Customers of our reconciliation and billing management services typically request their suppliers to register with us and usually bear the related service fees for our reconciliation and billing management services, although such fee allocation may be subject to negotiation between our customers and their suppliers.

Our contingent workforce management services facilitate customers to settle payments for transactions with individual service providers. Enterprises have increasing demands for outsourced labor. Our services enable customers to streamline their payment settlement with such individual service providers and obtain the corresponding VAT invoices, which can help our customers reduce tax deduction losses. Our contingent workforce management services help enterprises maintain flexibility in their employment strategy in a compliant manner. If our enterprise customers directly settle with individual service providers, we will apply to competent tax authorities on behalf of individual service providers for temporary tax registration and tax declaration, help individual service providers make required tax payments, and apply for issuance of VAT invoices by the relevant competent tax authorities. We will then deliver such VAT invoices to enterprise customers.

Our customers may also transfer to us the compensation for individual service providers, and we provide settlement services to such customers by administering the payment of the compensation to individual service providers. Under this model, pursuant to authorization agreement with the relevant local tax authorities, we will issue VAT invoices to our customers, withhold required taxes upon making the payment to the individual service providers, and make the required tax payments on behalf of the individual service providers. We are in the process of negotiating the renewal of authorization agreement with the competent tax authority. As of the Latest Practicable Date, we had not experienced difficulty in continuing to operate our contingent workforce management services under this model due to the expiration of the authorization agreement, and we do not foresee any difficulty in renewing such authorization agreement. We may advance payments to such individual service providers upon customer requests, and during the Track Record Period, we advanced payments primarily upon the request of a certain reputable customer. Under both scenarios, we charge enterprise customers service fees based on the amount of compensation settled with the individual service providers using our services. As of September 30, 2023, our contingent workforce management services served over 190 enterprise customers and benefited over 391,000 individual service providers, with the total amount of compensation settled with individual service providers of approximately RMB4.3 billion.

Key Operating Data

The following table sets forth certain key operating metrics of our cloud financial & tax digitalization solutions for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
Cloud financial & tax digitalization solutions					
Number of customers					
— KA customers	164	205	217	168	218
— Mid-market customers	9,740	12,163	14,591	13,406	18,687
Dollar-based retention rate for KA customers	103.3%	119.7%	104.4%	N/A	N/A
Average revenue per customer (RMB in thousands)	12.5	12.7	10.7	8.7	6.8

Customer Case Study

Background and pain points. Customer X is a leading express delivery company in China. Customer X is a dual-listed company in the United States and Hong Kong. During its business operations, Customer X faced the following pain points with respect to invoice and tax management: (1) limited manpower to manage large volume of invoices, in particular toll invoices, (2) difficulty in maintaining accurate financial records, and (3) massive number of nationwide service outlets and the need for centralized invoice and tax management.

Solutions. We devised cloud solutions to address each of Customer X's pain points. Our solutions enable Customer X's staff to verify the eligibility of invoices collected for tax deduction purposes by simply scanning invoices received by them, and the system processes qualified invoices in batches to claim tax deduction. Our system accesses Customer X's transaction records and automatically issues e-invoices to its clients based on such records, which reduces workload for Customer X's staff. Our solutions also allow centralized management of information security hardware operated in Customer X's various store locations, which enables mass and centralized invoice processing.

Data-driven Intelligence Solutions

Our data-driven intelligence solutions comprise digital precision marketing services and risk intelligence services, and facilitate our customers' user acquisition and risk management. As we continuously offer financial & tax digitalization solutions, we had processed approximately 12.7 billion transaction documents as of September 30, 2023, covering business activities of approximately 90.9 million enterprises, including approximately 81.9 million buyer-side enterprises and approximately 26.2 million seller-side enterprises, and representing transactions with an aggregate value of approximately RMB569.1 trillion. Harnessing our data analytics technologies, such as knowledge graphs and natural language processing technologies, we analyze such enterprise transaction data, uncover underlying trends and construct comprehensive enterprise profiles. See "—Our Technology—Big Data Analytics and AI" for details. We have implemented data privacy measures so that data we collect and process are securely encrypted and cannot be used for identification without proper consent from relevant enterprises. See "—Data Privacy and Security."

In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we served 68, 91, 101, 93 and 88 customers with our data-driven intelligence solutions, comprising primarily financial service providers and licensed credit reporting agencies. Revenue generated from our data-driven intelligence solutions was RMB63.0 million, RMB178.6 million, RMB263.5 million, RMB190.2 million and RMB268.2 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively, accounting for 21.6%, 39.4%, 50.1%, 50.4% and 57.2% of our total revenue in the same periods, respectively.

Digital Precision Marketing Services

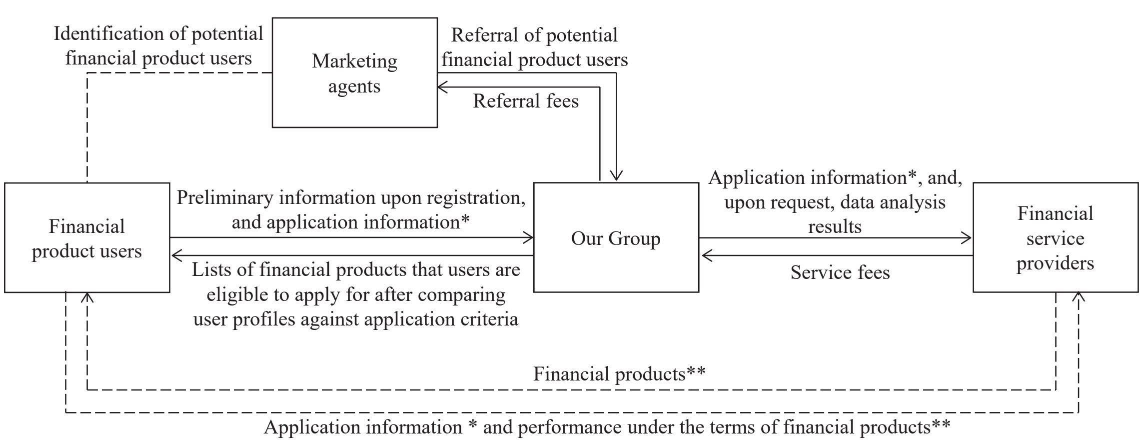
We primarily offer our digital precision marketing services to financial service providers to facilitate their sales of financial products. During the Track Record Period and up to the Latest Practicable Date, the financial products we facilitated in selling for financial service providers were credit facility and loans in connection with SMB financing.

We display financial products launched by financial service providers, as well as their application criteria, which typically include duration of business operations, invoice records and annual revenue. Potential financial product users provide us with certain preliminary information, such as their legal names and tax identification numbers, and grant us access to their operation and transaction records. Leveraging our data analytics capability, we compare profile of financial product users against application criteria of financial products and generate a list of financial products that these users are eligible to apply for, and display the list to the relevant users. If potential financial product users elect to proceed to apply for any of the financial products on the list, we will then redirect such users to the application page of the relevant financial service providers, so that these potential users can complete and submit the applications. To a lesser extent, potential financial product users may need to submit their application information through us. Prior to June 30, 2023, we used to transmit the application information to the relevant financial service providers through API interface and delete such information after transmission. In light of the Administrative Measures for Credit Reporting

Business (徵信業務管理辦法) announced on September 17, 2021 and effective on January 1, 2022 (the "2021 Administrative Measures"), we have been instead transmitting application information to credit reporting agencies that we collaborate with or credit reporting agencies affiliated with financial service providers, since June 30, 2023. Similarly, we will delete the application information after transmitting to these credit reporting agencies, which will then transmit such application information to the relevant financial service providers. Moreover, upon request by financial service providers, we also conduct data analysis regarding the potential financial product users' financial and operational performance based on invoice records authorized for access by the relevant financial product users, and deliver such results (since June 30, 2023, through licensed credit reporting agencies we collaborate with or other licensed credit reporting agencies affiliated with financial service providers) to financial service providers to empower their decision-making. We do not participate in the decision-making process of financial product applications or the subsequent performance under the terms of relevant financial products, which are solely the responsibilities of financial service providers.

We charge financial service providers service fees based on the value of financial products we facilitate in selling. For credit facility products, we charge service fees primarily based on the total amount of credit facilities successfully granted by financial service providers to enterprises with financing needs, while for loan products, we charge service fees primarily based on the total amount of loans successfully granted by financial service providers and withdrawn by enterprises with financing needs. A majority of our revenue from digital precision marketing services was attributable to credit facility products launched by our financial service provider customers, and our service fee ratios for such credit facility products ranged from 0.3% to 1.94% during the Track Record Period. Our service fee ratios for loan products launched by our financial service provider customers ranged from 0.1% to 2.91% during the Track Record Period.

We primarily collaborate with marketing agents to promote the financial products launched by financial service providers and identify potential users for their financial products based on application criteria of relevant financial products, and substantially all of our revenue from digital precision marketing services was attributable to financial product users referred by our marketing agents during the Track Record Period. The number of our marketing agents was 172, 299, 511 and 516 as of December 31, 2020, 2021 and 2022 and September 30, 2023, respectively, which generally increased in line with our business growth. The financial service providers designate application criteria for the financial products launched by them; and we have the right to determine and limit the types of financial products to be promoted by marketing agents. Based on the application criteria of the financial products selected by us, marketing agents will identify potential product users by marketing such financial products, usually on their self-operated platforms, and attracting potential financial product users to reach out to marketing agents and discuss such users' financial needs. The marketing agents then guide such potential users to register on our platform. These potential users, upon registration, will directly provide us with certain preliminary information, such as their legal names and tax identification numbers, and grant us access to their operations and transaction records. Leveraging our data analytics capability, we compare profile of financial product users (including the aforementioned preliminary information and in most cases, the operations and transactions records such as invoice data, accumulated by us during our daily operations) against application criteria of financial products, and generate a list of financial products that these users are eligible to apply for, and display the list to the relevant users. Marketing agents may introduce the terms and characteristics of the relevant financial products to the potential users. If required, marketing agents may also assist potential financial products users to fill in financial product applications. During the financial product application process, if marketing agents encounter contingencies or user inquiries that they are incapable of handling, marketing agents will contact our staff for assistance, and we will provide timely solutions, and if financial service providers are to be involved, we will contact financial service providers and coordinate the response to marketing agents and potential financial product users. Marketing agents generally possess substantial resources, including dedicated local marketing staff, in identifying potential financial product users, which could assist us to facilitate the sales of the diversified financial products launched by financial service providers, effectively extend the user outreach for financial service providers and enhance financial service providers' satisfaction and stickiness with us. We charge financial service providers service fees based on the value of financial products we facilitate in selling, while we pay our marketing agents referral fees based on the value of financial products we facilitate in selling with the assistance of these marketing agents. See "—Sales and Marketing—Sales Model—Direct sales" for details. In provision of digital precision marketing services to the financial service providers, we generally take advantage of assistance from marketing agents we collaborate with in facilitating the sales of financial products. However, we are the only point of contact of the financial service providers, customers of our digital precision marketing services, during this process and receive service revenue directly from them. We pay marketing agents, our suppliers, referral fees for their services. Therefore, we consider such service model of our digital precision marketing services to be direct sales. The following diagram sets forth the transaction and work flows of our digital precision marketing services with the assistance of marketing agents.



* We generally redirect potential financial product users to the application page of the relevant financial service providers to complete and submit application information. To a lesser extent, if potential financial product users need to submit their application information through us, we transmit application information to credit reporting agencies that we collaborate with or credit reporting agencies affiliated with financial service providers, which will then transmit such application information to the relevant financial service providers.

** We do not participate in the decision-making process of financial product applications or the subsequent performance under the terms of relevant financial products, which are solely the responsibilities of financial service providers.

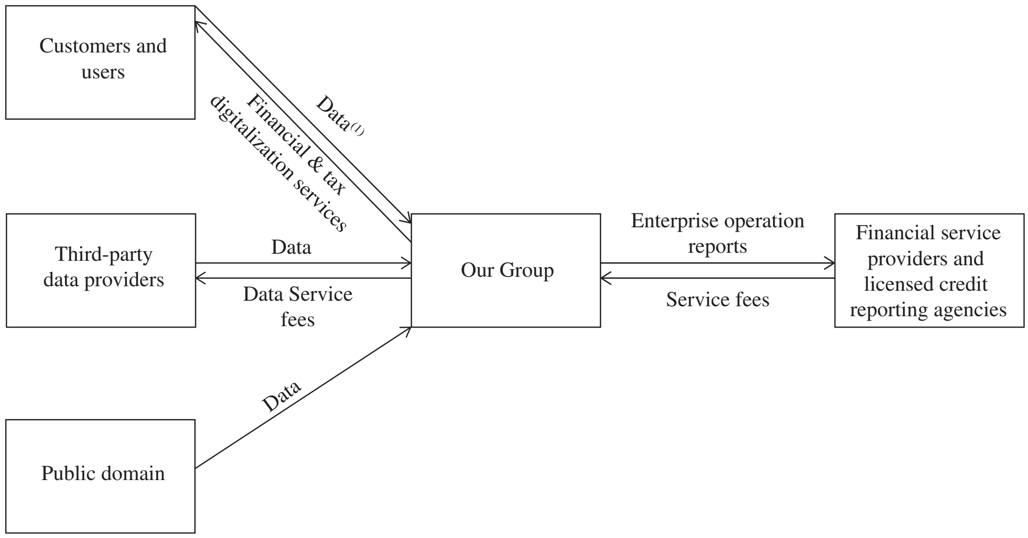
As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, with respect to our digital precision marketing services, we were in compliance with applicable PRC law and regulations in all material respects.

Risk Intelligence Services

Our risk intelligence services comprise enterprise operation reporting services, user analytics services, risk analytics services, and intelligent procurement optimization services.

Enterprise Operation Reporting Services

During the Track Record Period, our enterprise operation reporting services were delivered primarily to financial service providers, including commercial banks and fintech companies, among others, as well as licensed credit reporting agencies. Our enterprise operation reporting services allowed financial service providers to develop meaningful and comprehensive understanding of the business performance and operation status of small and micro-sized enterprises with financing needs. We collected corporate information of such enterprises from publicly available resources, as well as their invoice records, after obtaining necessary authorization from them, based on which we generated enterprise operation reports relating to such enterprises. Prior to delivering the enterprise operation reports to our customers, we would obtain consent from the reported enterprises for the initial delivery and subsequent updates of these reports. Enterprise operation reports typically included enterprise profile summary, annual sales statistics, and certain operation analysis based on invoice records. We generally updated the enterprise operation reports on a monthly basis for customers to access and review. Based on authentic invoice and transaction data, enterprise operation reports reflected relevant enterprises' operation status and financial well-being, which we believe allowed our customers to accurately assess credit risks and formulate risk management and control measures. During the Track Record Period and up to the Latest Practicable Date, we had obtained requisite consent and authorizations from relevant enterprises in providing our enterprise operation reporting services in all material respects. The following diagram illustrates the transaction and fund flows for our enterprise operation reporting services prior to the adjustment of service delivery model.

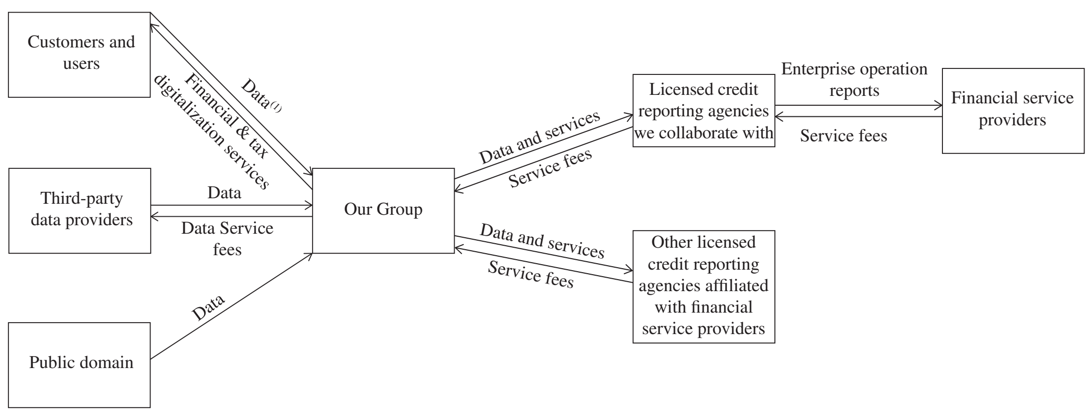


(1) We obtain consent from our customers and users prior to using their data and financial and tax information for our enterprise operation reporting services.

On September 27, 2021, the PBOC issued the 2021 Administrative Measures, which requires institutions that have not completed record-filing as enterprise credit reporting agencies but had engaged in enterprise credit reporting business before the promulgation of the 2021 Administrative Measures to rectify within 18 months from January 1, 2022 (the "Compliance Period"). See "Regulatory Overview—Regulations on Credit Reporting Business."

In response to the promulgation of the 2021 Administrative Measures, and after evaluating the uncertainty associated with the lengthy process of completing the record-filing requirement, we have adjusted the service delivery model for the provision of our enterprise operation reporting services to financial service providers in order to mitigate the impact of regulatory changes on our business. Under the adjusted service delivery model, we no longer deliver enterprise operation reports to financial service providers. Instead, we deliver enterprise data and invoice records to licensed credit reporting agencies we collaborate with or credit reporting agencies affiliated with financial service providers after obtaining necessary authorization from relevant enterprises. We may also offer certain technical assistance for these licensed credit reporting agencies. These licensed credit reporting agencies will produce enterprise operation reports for financial service providers after separately obtaining necessary authorization from relevant enterprises. As of the Latest Practicable Date, we separately entered into a strategic collaboration agreement with Guangxi United Credit Reporting Co., Ltd. ("Guangxi United"), our associated company, and another licensed credit reporting agency, which is an independent third party. We do not believe that the risk of disintermediation with the introduction of licensed credit reporting agencies to our service provision will materially and adversely affect our business. We believe our rich invoice and financial data assets and data analytics capability have provided us with the competitive edges that make us irreplaceable when serving financial service providers in collaboration with licensed credit reporting agencies, which typically lack analytics capability with respect to invoice data, primarily due to their lack of access to such data assets, according to the F&S Report.

The following diagram illustrates the transaction and fund flows for our enterprise operation reporting services after the adjustment of service delivery model.



(1) We obtain consent from our customers and users prior to using their data and financial and tax information for our enterprise operation reporting services.

From June 30, 2023 and onwards, the customers of our enterprise operation reporting services comprise licensed credit reporting agencies only, including the two aforementioned credit reporting agencies we collaborate with. For service contracts that we entered into prior to the effectiveness of the 2021 Administrative Measures and were still in effect as of December 31, 2021 ("Legacy Contracts"), we have either restructured the transactions underlying the Legacy Contracts pursuant to the adjusted service delivery model or ceased to provide services under the Legacy Contracts as of June 30, 2023. As of December 31, 2021, under the then effective Legacy Contracts, we served a total of 38 customers. As of June 30, 2023, we have restructured transactions underlying certain Legacy Contracts, following which we continue to serve 15 customers under the adjusted service delivery model. We have ceased to provide services under the remaining Legacy Contracts as of June 30, 2023.

Further, we have adopted the adjusted service delivery model for service contracts we newly entered into on and after the effectiveness of the 2021 Administrative Measures. During the period from January 1, 2022 and up to September 30, 2023, we entered into service contracts with Guangxi United to serve a total of 36 financial services providers, including 21 new ones. We also entered into one service contract with the aforementioned independent third-party licensed credit reporting agency to serve one additional new financial service provider. The independent third-party licensed credit reporting agency agrees to pay us 99% of the service fees it receives from financial service providers.

The salient terms of our strategic collaboration agreement with Guangxi United are summarized as follows.

- *Term*. The collaboration agreement has a term of three years, automatically renewable upon expiration for additional three years.

- *Scope of collaboration*. We agree to provide enterprise data, invoice records and other relevant information to Guangxi United, after obtaining necessary authorization. Guangxi United agrees to perform data analytics and processing based on enterprise data and invoice records supplied by us, produce and deliver enterprise operation reports to financial service providers. Both parties agree that a back-to-back service agreement between Guangxi United and us shall be entered into for each service agreement between Guangxi United and the relevant financial service provider for specific services to be rendered. In rare cases, the financial service provider, Guangxi United and we will enter into a tripartite service agreement.

- *Pricing*. We charge information collection service fees based on the number of enterprises whose information is supplied to Guangxi United. The information collection service fees shall be settled monthly. Guangxi United shall charge financial service providers service fees based on the number of enterprises included in the enterprise operation reports delivered. Guangxi United generally pays us 95% of the service fees it received from financial service providers, which, according to the F&S Report, is consistent with the industry average range of 95% to 99%.

- *Obligations*. We guarantee the legality of information supplied to Guangxi United. Guangxi United represents that it possesses and shall maintain all requisite licenses and qualifications required to perform the collaboration agreement.

In 2022 and the nine months ended September 30, 2023, our revenue attributable to Guangxi United was RMB3.9 million and RMB37.0 million, respectively. With a view to developing a sustainable business relationship, we have invested in, and indirectly own as to, 15% of the equity interest of Guangxi United, and nominated our executive Director, Mr. Yang Zhengdao, to sit on the board of Guangxi United. The remaining 85% of the equity interest of Guangxi United is owned by an independent third party. Except for our indirect ownership in Guangxi United and the directorship of Mr. Yang Zhengdao, there has been no past or present relationships between the other shareholders or directors of Guangxi United and us, our subsidiaries, Shareholders, Directors, senior management or any of their respective associates, other than our business collaboration with Guangxi United. Based on reasonable inquiry and publicly available information, to the best knowledge of the Company, there has been no sharing of resources, including without limitation, plant and equipment, manpower, administrative functions, banking facilities or otherwise, between Guangxi United and us and our subsidiaries, Shareholders, Directors, employees or any of their respective associates. During the Track Record Period and up to the Latest Practicable Date, we did not provide any advance or financial assistance to Guangxi United.

As advised by the PRC Legal Advisor, according to the 2021 Administrative Measures, the licensed credit reporting agencies are required to complete record filing with the provincial branch of the PBOC in their place of registration, and subject to supervision by the relevant competent government authorities. They are also required, among others, to formulate protocols to conduct necessary review of the authorization from the enterprises reported, and to specify, by agreement or in other forms, their respective rights, obligations and responsibilities, among others, in obtaining relevant consent. We have adopted measures to ensure that proper authorization from the relevant enterprises are obtained by the licensed credit reporting agencies prior to their delivery of operation reports to financial service providers, such as stipulating in our contracts with the licensed credit reporting agencies that consent from enterprises is required prior to any service delivery. Pursuant to the 2021 Administrative Measures, entities providing credit information to credit reporting agencies are referred to as information providers. In addition, the 2021 Administrative Measures stipulate that (1) enterprise credit information shall only be collected for legitimate purposes, and (2) the collection of credit information shall not infringe upon enterprises' trade secrets. Both requirements are applicable to information providers. Therefore, as advised by the PRC Legal Advisor, we, as an information provider in our collaboration with licensed credit reporting agencies, are legally obliged under the 2021 Administrative Measures to collect enterprise credit information for legitimate purposes and our collection process does not infringe upon such enterprises' trade secrets during information collection.

As advised by our PRC Legal Advisor, we believe our measures adopted in ensuring proper enterprise authorization for our enterprise operation reporting services are effective and sufficient to discharge the aforesaid legal obligation as prescribed by the 2021 Administrative Measures, on the basis of the following reasons:

- To ensure that consent from enterprises is obtained prior to any service delivery, we and relevant parties have adopted the following measures and work flow: (1) we obtain necessary and proper authorization from enterprises before collecting their invoice records and other transaction information and transmitting such information to the licensed credit reporting agencies that we collaborate with; (2) we have stipulated in our contracts with licensed credit reporting agencies that consent from enterprises is required prior to any service delivery; (3) the licensed credit reporting agencies will request the financial service providers to obtain authorization documents from the relevant enterprises; (4) after obtaining the enterprise authorization documents, the financial service providers will notify the licensed credit reporting agencies through automatic transmission of filing numbers of the authorization documents, and such filing numbers will also be automatically provided to us by the licensed credit reporting agencies; and (5) the financial service providers will not be able to access the enterprise operation reports until licensed credit reporting agencies and we have been furnished with the abovementioned filing numbers.

- According to the Several Provisions on the Prohibition of Acts of Infringement upon Trade Secrets (1998 Revision) (關於禁止侵犯商業秘密行為的若干規定(1998年修訂)) issued by the State Administration for Industry and Commerce of the PRC, acts such as theft, inducement, coercion or other unjust means to acquire another party's trade secrets, and disclosure of or use of or permission for any third party to use trade secrets so procured, are considered as infringement upon another party's trade secrets. On the basis that we will obtain the authorization of such enterprises before delivering the enterprise data and invoice records to licensed credit reporting agencies that we collaborate with, the PRC Legal Advisor is of the view that such delivery of enterprise data and invoice records shall not be considered as any infringement upon other enterprises' trade secrets. Our PRC Legal Advisor further advised that, since we collect enterprise data and invoice records with proper authorization for the purpose of providing services to our customers, such data collection is considered as with a legitimate purpose pursuant to PRC laws and regulations.

- We had not received any inquiry, notice or penalty from any PRC government authority, or any complaint from any user or customer, due to unauthorized data usage or information collection for our enterprise operation reporting services.

As advised by our PRC Legal Advisor, relevant PRC laws and regulations do not explicitly specify the legal responsibility of an information provider in the event that licensed credit reporting agencies it collaborates with fail to obtain proper authorization from the relevant enterprises before service delivery. Therefore, our PRC Legal Advisor is of the view that, in the absence of any specified legal consequence and considering the effective and sufficient measures adopted in ensuring proper enterprise authorization for our enterprise operation reporting services, the likelihood that we are deemed jointly liable under the PRC laws and regulations due to licensed credit reporting agencies' failure to obtain proper authorization or breach of 2021 Administrative Measures is remote.

We believe our business operations and financial performance had not been and will not be adversely affected by the service delivery model adjustment. For the three months ended December 31, 2023, the number of viewing requests fulfilled for enterprise operation reports was 5.1 million, and the number of enterprises included in the enterprise operation reports delivered was 1.8 million, compared to 2.9 million and 0.9 million for the three months ended December 31, 2022, respectively. In addition, given the growth in demands for our services and our collaborating licensed credit reporting agencies' contractual obligation to pay us 95% to 99% of the service fees they receive from the financial service providers, it is unlikely our financial performance will be materially and adversely affected by the service delivery model adjustment.

Our PRC Legal Advisor is of the view that (1) the adjusted service delivery model of our enterprise operation reporting services complies with the currently effective laws and regulations regarding credit reporting business; (2) our performance of the Legacy Contracts under the pre-adjustment service delivery model within the Compliance Period does not violate the 2021 Administrative Measures or other related laws and regulations, and such Legacy Contracts are legal and valid; and (3) even if our provision of enterprise operation reporting services during the Track Record Period pursuant to the pre-adjustment service delivery model may be deemed to constitute operation of enterprise credit reporting business as a result of the effectiveness of the 2021 Administrative Measures, the possibility is remote that any administrative penalties may be imposed on us for our past provision of enterprise operation reporting services without completing the record-filing procedure, on the basis of the following reasons:

- We obtained the authorization from relevant enterprises and through financial service providers.

- The 2021 Administrative Measures provide legal basis for us to collaborate with licensed credit reporting agencies.

- The PBOC granted the 18-month compliance period, and we had completed the adjustment of our enterprise operation reporting services pursuant to the adjusted service delivery model during such period. We have been providing our services pursuant to the adjusted service delivery model since June 30, 2023.

- As confirmed through consultation by us with the Nanning Central Branch of the PBOC on July 26, 2022, with respect to our cooperation with Guangxi United under the adjusted service delivery model, (1) such adjusted model complies with the 2021 Administrative Measures, (2) the performance of the Legacy Contracts under the pre-adjusted service delivery model within the Compliance Period is permitted, and (3) we shall complete the service delivery model adjustment within the compliance period, and provision of our services under pre-adjusted service delivery method will not incur penalties on us during the compliance period. Consultation by us with the Business Administration Department of the PBOC (Beijing) on February 27, 2023 confirmed the aforementioned confirmation from the Nanning Central Branch of the PBOC, and further confirmed that we are permitted to conduct enterprise operation reporting services pursuant to such adjusted model across China without jurisdiction limits. According to the Administration Measures for Record-filing of Enterprise Credit Reporting Agencies (企業徵信機構備案管理辦法), enterprise credit reporting agencies shall complete record filing with the provincial branch of the PBOC in their places of registration and be subject to supervision and regulation thereof, and as a result, our PRC Legal Advisor is of the view that the Business Administration Department of the PBOC (Beijing) and Nanning Central Branch of PBOC are competent authorities to provide their respective confirmations set out above.

- During the Track Record Period and up to the Latest Practicable Date, we had not been required by any competent government authorities to complete the record-filing procedure for enterprise credit reporting businesses as a result of our provision of enterprise operation reporting services. Nor had there been investigations or penalties imposed on us by competent government authorities in such respect.

User Analytics Services

Leveraging enterprises' invoice and transaction data from our cloud financial & tax digitalization solutions, we launched our user analytics services in 2021, and we would analyze enterprises' transaction patterns and financing needs after receiving proper authorization from them. We compare such enterprise profile against criteria specified by our customers, primarily financial service providers, which typically include the number of enterprises' invoice issuances and transaction amount within a certain period of time. We would then compile and deliver a list of eligible enterprises to our customers, who would then reach out to such eligible enterprises for their financing needs. Our list only displays the names of enterprises or other publicly available corporate information, and we would desensitize relevant corporate information. Since the launch in 2021, the lists delivered to financial service providers contained 0.7 million, 3.9 million and 5.3 million enterprises in 2021, 2022 and the nine months ended September 30, 2023, respectively. We believe our services not only facilitate financial service providers with user acquisition and expand user outreach for their financial products, but also benefit enterprises with financing needs. We charge financial service providers based on the number of enterprises on the list.

Risk Analytics Services

Our risk analytics services enable financial service providers to optimize their risk control modeling and strategies with respect to small and micro-sized businesses and enhances financial service providers' ability to independently monitor, detect and manage credit risks. We devise and configure online risk management systems for financial service providers based on their risk preferences. Specifically, we utilize machine learning technology to predict default rates of financial product users based on their invoice records. The online risk management systems comprise full-cycle risk management functions, including user selection, product design, transaction structure design, risk strategy formulation, anti-fraud warnings, credit ratings, and risk monitoring and alerts after financial product sales. During the Track Record Period, we delivered three, three, seven and five projects with our risk analytics services in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively, to a total of three, three, seven and five customers in the same periods, respectively, and generated revenue of RMB2.1 million, RMB6.2 million, RMB6.9 million, and RMB2.4 million in the same periods, respectively. The price charged for projects delivered with our risk analytics services ranged from RMB0.1 million to RMB5.0 million per project during the Track Record Period, depending on project complexity. Average customer spending on our risk analytics services was RMB0.7 million, RMB2.1 million, RMB1.0 million and RMB0.5 million in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively.

Moreover, we provide value-added asset verification services that enable financial service providers to verify the authenticity of invoice information and other transaction vouchers provided by financial product applicants, to facilitate financial service providers' decision-making and improve effective and timely risk monitoring. We charge usage-based or annual subscription fee for our asset verification services.

Intelligent Procurement Optimization Services

During the provision of our e-invoice processing and verification services, we extract, compile and categorize merchandise information from desensitized e-invoice data, sort out merchandise catalog that enterprise customers routinely procure, and construct a merchandise SKU library. Based on the massive volume of e-invoices processed through our solutions and the unit price information recorded on such e-invoices, we are able to compute average merchandise prices with our big data algorithm, which will serve as market price references for our customers and empower better procurement decisions and cost savings. We recently launched our intelligent procurement optimization services in 2022.

Key Operating Data

The following table sets forth certain key operating metrics of our data-driven intelligence solutions for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
Data-driven intelligence solutions					
Number of customers	68	91	101	93	88
Average revenue per customer (RMB in thousands)	926.1	1,962.6	2,609.1	2,044.7	3,047.4
Number of viewing requests fulfilled for enterprise operation reports (in millions)	1.7	15.5	13.0	10.1	12.3
Number of enterprises included in the enterprise operation reports delivered (in thousands)	578.6	1,318.5	1,553.0	1,258.9	2,233.4
Value of financial product sales facilitated by us in connection with digital precision marketing services (RMB in billion)	4.0	14.7	29.6	20.5	35.6

Customer Case Study

Background and pain points. Customer Y is a commercial bank in China founded in 2015. Customer Y is committed to serving financing needs of small and micro-sized midsized companies in China. During its provision of financial services, Customer Y discovered that (1) SMBs in China typically have limited operation scale, poor anti-risk ability and sub-standard financial management, and such weaknesses, if unidentified, would cause risks and damages to Customer Y's business and adversely affect its ability to achieve optimal balance among risk control, operational efficiency and profitability; (2) information related to small and micro-sized companies was usually incomplete and could not fully reflect their operation status; and (3) Customer Y had limited means to identify or attract potential clients for its financial products.

Solution. Utilizing our access to massive invoice data and tax records, we provided customized enterprise operation reports based on Customer Y's risk control preferences to analyze the profitability, growth potentials and operation scales of Customer Y's potential clients, which served as basis for Customer Y to determine whether to sell financial products to such potential clients and to identify high-quality potential clients and to market its financial products accordingly. As of September 30, 2023, we had delivered enterprise operation reports of more than 1.1 million enterprises for Customer Y.

ON-PREMISES FINANCIAL & TAX DIGITALIZATION SOLUTIONS

Our on-premises financial & tax digitalization solutions, delivered in our proprietary software product, *Intelligent Starship*, integrate a variety of our self-developed programs to perform financial and tax management functions with industry- and customer-specific configuration installed on our customers' local devices. Customers of our on-premises solutions are usually enterprise conglomerates or institutional customers with heightened data sensitivity, and require stringent IT governance and customized solutions. They therefore prefer on-premises installed software to multi-tenant cloud software for its enhanced self-governance attribute. Our *Intelligent Starship* provides e-invoice compliance management solutions, intelligent financial and tax management solutions, and supply chain collaboration solutions that are similar to service offerings under our cloud financial & tax digitalization solutions. See "—Cloud Solutions—Cloud Financial & Tax Digitalization Solutions" for details.

Our on-premises financial & tax digitalization solutions enable customers that maintain large-scale and geographically-dispersed operations to perform centralized management of complexed e-invoice, financial and tax matters. We embed heterogeneous structure to integrate customers' various internal systems, such as their ERP systems and finance systems, for coordinated management.

We provide software implementation and maintenance services for customers of on-premises financial & tax digitalization solutions. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, our on-premises financial & tax digitalization solutions served 606, 917, 1,309, 1,226 and 1,061 enterprise customers, respectively, across more than 30 industries, respectively. From January 1, 2020 to September 30, 2023, the number of our on-premises projects exceeded 500. Average customer spending on our on-premises solutions was approximately RMB159.8 thousand, RMB120.1 thousand, RMB71.4 thousand, RMB49.2 thousand and RMB64.9 thousand in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. During the Track Record Period, the revenue generated from our on-premises financial & tax digitalization solutions was RMB96.9 million, RMB110.2 million, RMB93.5 million, RMB60.3 million and RMB68.9 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively, accounting for 33.3%, 24.3%, 17.8%, 16.0% and 14.7% of our total revenue in the same periods, respectively.

Customer Case Study

Background and pain points. Customer Z is a global leading commercial bank and provides comprehensive financial products and services for more than 8.6 million enterprise clients and more than 680 million individual clients worldwide. Such huge customer base brought about challenges associated with high-volume and high-frequency invoice issuances. Moreover, since some local branches of Customer Z did not have the capability to process e-invoice issuance requests from their clients, they had to submit invoice issuance requests to provincial branches, and provincial branches would then issue and deliver invoices to the requesting local branches that subsequently notified clients to pick up invoices. This lengthy process not only incurred extra manpower and time cost but also resulted in poor client experience.

Solution. We devised an on-premises solution that upgraded Customer Z's tax management system without altering its basic structure. Our solution synchronizes with Customer Z's internal business system and is available for use by its branches and local offices, which covers approximately 1,300 tax identification numbers associated with Customer Z. Our customized solution enabled staff of Customer Z to substantially reduce e-invoice processing time and deliver e-invoices to its clients through multiple means, which improves the overall client satisfaction with Customer Z's service. With such centralized e-invoice and tax management system, Customer Z effectively reduced its operational costs incurred in the issuance, delivery and storage of paper invoices.

OTHER SERVICES

Our other services include primarily advertisement publishing services. We publish advertisements on our WeChat official accounts and e-invoice review portal. We charge customers performance fees based on the number of clicks on the advertisements or, to a lesser extent, fixed fees for the duration of the service period.

RESEARCH AND DEVELOPMENT

Our R&D Capability and Strategies

We believe our R&D capabilities form the cornerstone of our competitiveness and long-term growth. We have devoted significant amounts of resources to continuously advance our product development capability, including recruiting and training high-caliber R&D and technology talents with rich experience. As of September 30, 2023, we had assembled a dedicated R&D team of 361 members, accounting for approximately 36.3% of our total employees as of the same date. Our core product development personnel have an average work experience of over 10 years in computing and software development related areas. In addition, our R&D capabilities are also supported by our commitment and investment in R&D activities. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we incurred research and development expenses of RMB114.1 million, RMB137.8 million, RMB144.3 million, RMB108.5 million and RMB135.5 million, respectively, representing 39.2%, 30.4%, 27.4%, 28.8% and 28.9% of our total revenue, respectively.

Our strong R&D capabilities have enabled us to develop highly functional solutions and achieve iterative product delivery. The following is a summary of our key R&D milestones since our inception.

Year	R&D Milestones
2015	We launched *Baiwang Cloud* platform.
2017	We launched our Open API Platform to enable various types of ERP systems to integrate with our *Baiwang Cloud* platform.
2018	We launched our intelligent supply chain collaboration solutions and an initial version of intelligent financial and tax management solutions.
2019	We launched our big data analytics platform and were certified as a High and New Technology Enterprise in China.
2020	We launched our OFD template management and AI-driven risk management platform.
2021	We launched our blockchain platform.
2022	We developed our intelligent tax management system, completed our intelligent financial and tax management solution offerings, and launched intelligent procurement optimizations services.

Product Development Process

Our R&D initiatives are guided by market demands, customer specifications as well as evolving national policies and regulatory development. Our product development process can be divided into two main stages, namely the initial development stage, and the subsequent stage for ongoing product updates and optimization, which commences after the launch of the product or service to help maintain and upgrade the functions of our products and services. We have adopted the integrated product development ("IPD") methodology for the initial development and subsequent iteration of our solutions, which primarily comprises the following steps.

- *Step 1: Demand analysis*. Our product manager and product owner ("PO") teams collect, compile and prioritize customer and market demands, government guidance and analyze corresponding product functionalities. We then conceptualize such demands into minimum deliverable units. We subsequently conduct research to understand and analyze the associated challenges, financial profitability, technical feasibility in developing the product candidates.

- *Step 2: Product development*. After a project is approved, our product development team will devise detailed sprint planning, which sets out sprint design specifications, project progress schedules and resource demands. In the product development stage, our product development team identifies system demands, designates design requirements, defines system structure, formulate design evaluation reports schemes, and sets out development and trial guidelines based on product functionality and quality objectives.

- *Step 3: Product testing*. To ensure the quality of our products, our testing personnel devise integrated testing plans, conduct tests on the product candidates, and devise greyscale release scheme. Testing personnel are responsible for recording and following up on bugs or issues spotted during the testing stage. Upon passing internal testing, we deliver the products to our customers for trial testing, and if customers raise reasonable correction or optimization requests, our product development team will timely address such requests, and once the customer is satisfied with our products, we will conduct product deployment tests.

- *Step 4: Product launch and delivery*. Product candidates that successfully pass the testing procedures in Step 3 will be launched and available for customer use. After product launches, we continuously collect customer feedback and market response, which serve as the basis for further R&D initiative and iterative development.

- *Step 5: Product iteration*. After product launch, we collect customer feedback, market response, product operation statistics to continuously integrate data and analyze interaction behavior and drive product iteration and innovation with such data analysis.

OUR TECHNOLOGY

Technology is the foundation of our company and a key component to effective solution offerings. We have launched proprietary compliance and information security, big data analytics and cloud technologies, assisted by the utilization of certain open source technology services. As of the Latest Practicable Date, we have registered 14 invention patents relating to our technologies.

Compliance and Information Security Technologies

Our compliance and information security technologies include OFD template management technology, digital signature management technology, digital certificate management technology and blockchain platform. These technologies provide a safe and reliable environment for our customers to conduct their e-invoice and transaction management through our solutions in compliance with relevant laws and regulations.

- *OFD template management technology (OFD版式管理技術).* OFD is the file format prescribed by PRC national standard. OFD is the designated format for invoice issuance, delivery and storage and is also the preferred format for the storage, exchange and filing of electronic documents, electronic licenses and electronic archives according to the Measures for Accounting File Management (會計檔案管理辦法) and the Notice on Standardizing the Filing of Electronic Accounting Voucher and Reimbursement (關於規範電子會計憑證報銷入賬歸檔的通知) issued by the Archives Bureau of the Ministry of Finance. See "Regulatory Overview—Regulations of Finance and Taxation Management Electronic Invoice Services." Our OFD template management technology compiles, disassembles and exports the built-in structure and data of OFD documents, and with such structural data, enables OFD document generation, combination, conversion and verification. Specifically, our technology supports the review of OFD document on mobile devices, computers and other servers. Our OFD template management technology therefore equips our services with comprehensive OFD document capability that enables our customers to manage their financial and tax matters more conveniently and in compliance with relevant taxation and accounting laws and regulations.

- *Digital signature management technology (數字簽名管理技術).* Our digital signature management technology enables e-invoices issued through our solutions to comply with the reliability requirement set by the Electronic Signature Law (電子簽名法), and our technology satisfies state cryptography requirements to prevent tampering and counterfeit and ensure signatory authenticity. Our digital signature management technology utilizes various signature algorithms such as MD5 and SM2, among others, and is mainly applied in privacy data encryption, OFD document service and document integrity verification.

- *Digital certificate management technology (數字證書管理技術).* Our digital certificate management technology, utilizing state cryptography algorithms, applies to e-invoice management to achieve functions of, among others, identity verification, anti-counterfeiting, encryption, and automated processing. Our digital certificate management technology, combined with our digital signature technologies, can improve the completeness and authenticity of e-invoice data, and enhance the reliability of our e-invoice compliance management solutions.

- *Blockchain platform technology (區塊鏈平台技術).* Based on distributed ledger technology and cryptography technology, our blockchain platform technology enables collection, transmission, and circulation of e-invoices and other transaction vouchers across multiple domains and institutions. Data processed with our blockchain platform technology possesses the characteristics of multi-point storage and multi-party consensus, so as to achieve data traceability and prevent data loss and fabrication.

Big Data Analytics and AI

Our data assets are the backbone of our solutions and data analytics capabilities. During the Track Record Period, we had invested in our data analytics capabilities to harness data from massive transactions we facilitated each day. We process a massive amount of data in connection with our operations on a daily basis, with a total storage capacity of approximately 630 terabytes stored in 65 physical machines as of September 30, 2023. We developed data computing platform based on third-party open source systems. Our data assets primarily include basic enterprise profiles, enterprise invoice records, and enterprise merchandise entries. We have built a proprietary and professional big data center for better management and analytics of our data assets.

Our data center is based on open source technology and is further optimized by our experienced engineers to enhance its function. Our data center effectively reduces service response time, and the daily data processing volume exceeded 10TB. We have also integrated third-party tools, such as Hive, ElasticSerarch and NebulaGraph, onto our platform and established an industry-leading big data integration system. Our data center serves as the foundation of our AI capabilities, such as natural language processing ("NLP") and knowledge graph technologies.

Our data engineers model, analyze and mine our transaction data resources, and derive insights into customer preferences, so as to provide better experience and more targeted services for our customers. Specifically, we have developed NLP and knowledge graph technologies to facilitate our data analytics. Based on non-structural enterprise information from invoice and transaction records, our NLP technology, through bidirectional encoder language representation model, character-level convolutional neural network and word-level recursive neural network, analyzes enterprises' business attributes. Our algorithm engineering team explores areas of AI and machine learning on a continuous basis. For example, in order to provide expedite e-invoice issuance services, we have developed automatic filling and completion capabilities as to merchandise and enterprise information. For our data-driven intelligence solutions, we have also applied algorithm to detect enterprise abnormality and eliminate interfering data for more accurate big data analysis.

Our Cloud Technologies and Infrastructure

We have established a hybrid cloud infrastructure that leverages computing power of public cloud, hosted by a reputable cloud service provider in China, and furthers data privacy with private cloud. With more than 100 physical servers and 1,000 cloud servers and the public network speed reaching more than 200 Mbps at traffic peak, we have the computing power to process large amounts of transactions simultaneously. Moreover, our operating system is capable of processing more than 3,000 QPS (queries-per-second) for short connections and approximately 500,000 QPS for persistent connections. This allows us to process large amounts of data on a real-time basis and ensures high speed and stable performance on a large scale to accommodate more enterprise customers and support the increased complexity and diversity of our business operations.

We also continuously refine our own operational efficiency and upgrade our solutions based on advanced cloud technologies, including cloud aggregation technology, auto scaling technology, service mesh framework and distributed data storage technology.

- *Cloud aggregation technology*. The prevalent use of information security hardware by enterprises in managing their invoice, financial and tax matters creates an obstacle for digitalized transformation in these areas, as multiple information security hardware installed in scattered geographical regions pose difficulty for the exportation and compilation of invoice and tax information for large enterprises, in particular, that operate in diverse locations. In response, we have applied cloud aggregation technology that effectuates the digital utilization, concurrent connection and multi-scenario application of various information security hardware, enabling customers to simultaneously manage all information security hardware through our solutions.

- *Auto scaling technology*. Our solutions utilize auto scaling technology to timely scale up or down computing power and memory storage. When customer service requests surge, we scale up our computing power to guarantee timely service response and stable service provision, and when customer service requests are reduced, we scale down computing power to save operating costs.

- *Service mesh framework*. Cloud architectures typically comprise hundreds of services, all with their own instances that operate in a live environment, which presents huge challenges for tracking and making changes to a certain service or component without interferring the operation of other services or components. We adopt service mesh framework that containerizes each service or component and separately manages different services or components, so that we can constantly refine our product and only need to make updates on a single infrastructure layer of our platform without interfering the others.

- *Distributed data storage technology*. Distributed data storage technology utilizes object storage, wide-column database, relational database and cache clusters technologies to achieve the production, storage, retrieval and analysis of invoice data. Specifically, we use object storage technology to store invoice data, wide-column database to support invoice data lookup, relational database to store master data, user data and invoice data, and cache cluster to effect distributed data sharing and store metadata and certain temporary data.

PRICING

For our cloud financial & tax digitalization solutions, we charge customers (1) annual subscription fees, (2) usage-based fees, and (3) implementation service fee. We typically enter into framework agreements with customer, the terms of which generally range from one to five years. The framework agreements set forth the subscribed and purchased solutions and their respective payment terms. For subscription fees, revenue is recognized ratably over the term of the framework agreements, and the subscription fees are typically settled by customers annually. For usage-based fees, we typically charge customers based on the number of invoices processed and/or processing requests fulfilled with our services. If customers require customized solutions, we charge implementation service fees based on the number of technical specialists staffed on a given project and the duration of the project. We determine pricing of our cloud financial & tax digitalization solutions primarily based on estimated costs and profit margins, and discounts may be granted considering specific customer relationship and our marketing strategies.

Pricing of our data-driven intelligence solutions primarily refers to market prices of comparable products. For our digital precision marketing services, we charge financial service providers sales-based fee based on the value of financial products that we facilitate in selling. We normally settle service fees with financial service providers on a monthly basis. For our enterprise operation reporting services delivered pursuant to the pre-adjustment service delivery model, we charge our customers either on a usage-based fee model or on an annual subscription model. Under the usage-based fee model, we charge customers based on the number of enterprises included in the enterprise operation reports delivered. Typically, we confirm with customers on the number of service usages on a monthly basis and settle payments on a monthly or quarterly basis. Under the annual subscription model, we offer customers an annual subscription package for which the customer pays a fixed fee for a predetermined number of enterprises to be included in the enterprise operation reports during the subscription period. For enterprise operation reporting services delivered pursuant to the adjusted service delivery model, we receive service fees from licensed credit reporting agencies, equal to the product of a pre-determined ratio as agreed between us and the licensed credit reporting agencies and the service fees received by licensed credit reporting agencies from the relevant financial service providers. For our user analytics services, we charge financial service providers based on the number of enterprises on the list of potential financial product users. For our risk analytics services, we charge a project-based fee, based on the complexity of, manpower involved in, and time incurred for the project.

For our on-premises financial & tax digitalization solutions, we charge our customers software license fees to access and use our solutions, hardware equipment fees and a project-based one-time implementation fee, which is determined upon project complexity, manpower involved, the number of tax identification numbers owned by customers, and customization requests raised by our customers. We also charge an annual service maintenance fee of 10% of the relevant software license fee and hardware equipment fee after the one-year warranty period expires. We determine pricing of our on-premises financial & tax digitalization solutions primarily based on estimated cost and profit margin.

SALES AND MARKETING

Sales Model

During the Track Record Period, we provided all of our products and services in China. For our cloud solutions, we rely on our own direct sales force as well as business collaborators to market our solutions and extend our customer outreach. For our on-premises financial & tax digitalization solutions, we primarily rely on our direct sales force to promote and sell our solutions.

The following table sets forth our revenue breakdown by sales channels, both in absolute amounts and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
Revenue attributable to direct sales	268,838	92.4	423,382	93.3	491,648	93.5	351,120	93.1	442,070	94.4
Revenue attributable to business collaborators										
— Revenue attributable to Taobao	16,123	5.5	23,250	5.1	24,650	4.7	18,555	4.9	17,959	3.8
— Revenue attributable to other business collaborators	6,154	2.1	7,131	1.6	9,467	1.8	7,578	2.0	8,413	1.8
Total	291,115	100.0	453,763	100.0	525,765	100.0	377,253	100.0	468,442	100.0

Direct Sales

We utilize direct sales to maintain a stable pricing system and proactively engage with customers. As of September 30, 2023, we had direct sales force of approximately 82 members, covering major cities of China. Our direct sales force primarily focuses on promoting cloud and on-premises solutions to leading companies in various geographical regions and industry verticals, including state-owned enterprises and commercial banks. Our local sales representatives enables us to swiftly identify and capture market demand, which in turn allows us to improve customer satisfaction and continually bring innovative products and services to market. During the Track Record Period, we generated more than 90% of revenue through our direct sales model, and the number of enterprise customers engaged through direct sales was approximately 3,000, 3,200, 6,900, 3,600 and 6,740 in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Our service agreements with direct sales customers for our financial & tax digitalization solutions typically include the following major terms.

- *Term*. The agreement generally ranges from one to five years.

- *Service scope*. The agreement generally specifies subscribed service modules, maintenance services and hardware equipment purchases, as applicable. It also specifies the number of employees and the amount of time required for the project.

- *Payment arrangement*. We designate different payment arrangement in our service contracts based on service types. We set implementation service fees for both cloud and on-premises financial & tax digitalization solutions factoring into labor and time costs, which are typically paid in installment based on the actual project development and delivery schedule. Recurring subscription fees for cloud financial & tax digitalization solutions are settled annually according to specified payment schedule. For on-premises financial & tax digitalization solutions, we charge one-time software license fees. Hardware purchases, if any, shall be settled in a one-time payment. Maintenance service fees are paid annually.

- *Software installment and testing*. We undertake to assist customers with software installment, testing and configuration, as applicable. Both parties typically execute inspection reports to confirm software inspection and delivery.

- *Confidentiality*. Both parties undertake not to transfer, appropriate or disclose data of or relating to the other party without such parties' written consent.

- *Intellectual property rights*. Intellectual property rights owned by each party at the contract inception shall remain with the relevant party. Upon customer requests, intellectual property rights derived from product customization may belong to our customers, provided that such arrangement does not run counter to our intellectual property rights and future intellectual property strategy.

- *Termination*. Either party can terminate the agreement upon the material breach by the other party as stipulated in the agreements and seek damages.

Service agreements with direct sales customers of data-driven intelligence solutions typically include the following major terms.

- *Term*. The service agreement typically ranged from one to three years.

- *Service scope*. The agreement generally specifies service modules that the respective customer subscribes to.

- *Payment arrangement*. Fee and discount schedules are specified in the service agreement. We typically settle with customers on a monthly basis. For our risk analytics services, we charge a project-based fee.

- *Undertakings*. Both parties undertake to obtain and maintain valid licenses and approvals as prescribed by the service agreement. We typically undertake to obtain all relevant consent for data utilized or provided to customers and such data service complies with applicable laws and regulations.

- *Intellectual property*. Intellectual property rights owned by each party at the contract inception shall remain with the relevant contract party. Intellectual property rights derived from the execution of the service agreements shall belong to our customers.

- *Data security*. For our enterprise operation reporting services, if the relevant enterprise included in enterprise operation reports withdraws its consent for any reasons, the performance of the service agreements shall terminate, and neither party shall be responsible for such termination. We also undertake to adopt data security measures and guarantee the timeliness and stability of data processing and transmission. Our customers covenant not to use, transfer, process, copy, sell or otherwise disclose contents or data involved in our services.

- *Termination*. Either party can terminate the agreement upon the material breach by the other party as stipulated in the agreements and seek damages.

For our digital precision marketing services, we primarily collaborate with marketing agents to promote financial products launched by financial service providers and identify potential users for their financial products. The number of our marketing agents was 172, 299, 511 and 516 as of December 31, 2020, 2021 and 2022 and September 30, 2023, respectively, which generally increased in line with our business growth. The following table sets forth the movement of our marketing agents during the Track Record Period.

	For the year ended December 31,			For the nine months ended September 30,
	2020	2021	2022	2023
At the beginning of the period	21	172	299	511
Addition of new marketing agents	151	127	212	5
Termination of marketing agents	—	—	—	—
At the end of the period	172	299	511	516

We charge financial service providers service fees based on the value of financial products we facilitate in selling, and we pay our marketing agents referral fees based on the value of financial products we facilitate in selling with the assistance of these marketing agents. See "—Cloud Solutions—Data-driven Intelligence Solutions—Digital Precision Marketing Services" for details. For credit facility products, we charge service fees primarily based on the total amount of credit facilities successfully granted by financial service providers to enterprises with financing needs, while for loan products, we charge service fees primarily based on the total amount of loans successfully granted by financial service providers and withdrawn by enterprises with financing needs. During the Track Record Period, we incurred substantial referral fees paid to marketing agents of RMB24.5 million, RMB64.2 million, RMB153.6 million, RMB109.3 million and RMB165.1 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively, accounting for 15.6%, 27.0%, 49.3%, 49.5% and 49.7% of our total cost of sales in the same periods, respectively. See "—Cloud Solutions—Data-driven Intelligence Solutions—Digital Precision Marketing Services" for details on the role of marketing agents during the provision of digital precision marketing services. Such high referral fees were primarily due to intense market competition and the industry norm that marketing agents generally do not provide referral services exclusively to any single digital precision marketing service provider. Therefore, our referral fee ratio with marketing agents need to keep up with the industry average fee rate to maintain our competitiveness and incentivize marketing agents to collaborate with us. According to the F&S Report, the referral services provided by marketing agents are generally labor-intensive, and marketing agents typically need to deploy staff and/or collaborate with third-party agents to identify potential financial product users, and designate staff to provide on-site support for potential financial product users, which results in high labor costs for marketing agents and thus high average fee rate in favor of marketing agents.

For credit facility products launched by financial service providers, our referral fee ratios with marketing agents typically ranged from 0.46% to 0.58%, 0.3% to 0.69%, 0.1% to 0.72% and 0.37% to 0.79% in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively, which was consistent with the industry average referral rate with marketing agents of 0.1% to 1% of the value of financial products marketing agents assist in promoting in 2022, according to the F&S Report. For loan products launched by financial service providers, our referral fee ratios with marketing agents typically ranged from 0.07% to 0.97%, 0.05% to 1.18%, 0.17% to 1.6% and 0.2% to 1.2% in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively, which was consistent with the industry average referral rate with marketing agents of 0.1% to 2% of the value of financial products marketing agents assist in promoting in 2022, according to the F&S Report. Such referral fee ratio with marketing agents in line with industry average referral fee ratios incurred by other digital precision marketing service providers, according to the F&S Report.

We determine our referral fee ratios with marketing agents based on the following considerations: (1) the fee ratios for our service fees received from financial service providers for the relevant financial products that we facilitate in selling, (2) referral fee ratios granted by our industry competitors, and (3) the industry average referral fee ratio for a given financial product. The referral fees are incurred as we satisfy our performance obligation during the provision of digital precision marketing services, and are therefore recognized as cost of sales. See "Financial Information—Key Components of Our Results of Operations—Cost of Sales." Substantially all of our revenue from digital precision marketing services was attributable to financial product users referred by our marketing agents during the Track Record Period.

Salient terms of our agreement with marketing agents include the following:

- *Term*. Our agreement with marketing agents typically has a term of one year, automatically renewable for a successive one-year term.

- *Obligations*. Marketing agents are obligated to identify potential financial product users, refer such users to our online platform and assist them to fill in the basic application information on our platform. We have discretion on whether to refer such potential users to financial service providers, and we will notify the marketing agents of our decision within five business days of receiving basic application information of such potential users.

- *Undertakings*. Marketing agents are required to undertake that the basic application information supplied by them shall be true, accurate and complete, and marketing agents shall indemnify us for any loss resulting from untrue information provided by marketing agents. Marketing agents further undertake not to transfer, appropriate or disclose user data or information relating to us that are obtained during the performance of the collaboration agreement. With respect to users that have successfully applied for financial products through our services, marketing agents undertake not to recommend any other financial products or similar services of our competitors during the term of the relevant financial products.

- *Minimum performance target*. We set minimum performance targets in terms of the number of referred financial product users that successfully apply for financial products and the value of financial products purchased by users referred by such marketing agents. Should marketing agents fail to meet the designated performance targets, we may elect to terminate our collaboration with them. During the Track Record Period, despite that certain marketing agents failed to achieve their respective performance targets, we did not terminate collaboration with them for such failure, so as to maintain collaborative relationships with our marketing agents to support our business needs.

- *Referral fees and settlement*. Marketing agents are entitled to a referral fee equal to the product of (1) the value of financial products that we facilitate in selling with the assistance of these marketing agents, multiplied by (2) a pre-negotiated referral fee ratio. We settle referral fees with marketing agents within 15 business days of receiving relevant service fees from financial service providers.

- *Confidentiality*. Marketing agents are not allowed to transfer, appropriate or disclose user data or information relating to us that are obtained during the performance of the collaboration agreement.

- *Termination*. The agreement may be terminated upon mutual consent or material breach as specified in the agreement.

During the Track Record and up to the Latest Practicable Date, there had not been any other past or present relationships (including financing, trust or otherwise) between us and our five largest marketing agents (in terms of the value of referral fees incurred by us) in each of the period constituting the Track Record Period and their respective substantial shareholders, directors or senior management, or any of their respective associates, save for the referral services provided by such marketing agents.

Business Collaborators

For our cloud financial & tax digitalization solutions, we have worked with business collaborators to increase sales by leveraging their platform or local resources and optimize our marketing efficiency especially in the markets where our sales and marketing team may find difficult to reach directly.

Taobao

We have strategically collaborated with Taobao, as one of its partnered financial & tax digitalization solution providers. This collaboration allows us to leverage Taobao's massive e-merchant base and cost-effectively expand customer base for our financial & tax digitalization solutions. Under our collaboration arrangements with Taobao, Taobao agreed to grant us an access to the online invoice platform operated by it, through which we provide financial & tax digitalization solutions to the e-merchants on Taobao that subscribe and pay for our services. We are also responsible for addressing such e-merchants' service requests and providing after-sales services. We agree to pay Taobao a platform service fee as commission, and we settle our fees with Taobao on a monthly basis. Revenue attributable to Taobao accounted for approximately 5.5%, 5.1%, 4.7% and 3.8% of our total revenue in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively. See "Connected Transactions—Non-exempt Continuing Connected Transactions—Taobao Cooperation Framework Agreement" for details.

Other business collaborators

In addition to Taobao, we collaborated with other business collaborators during the Track Record Period to expand our customer base. These business collaborators primarily include regional sales channels that specialize in software development and sales, and other e-commerce platforms. During the Track Record Period, we collaborated with business collaborators primarily under two models. Our business collaborators may purchase the software license of our cloud solutions and resell them to end customers. Under this model, the relationship between business collaborators and us is categorized as a seller-buyer relationship, and we recognize revenue at the amounts billed to such business collaborators. Alternatively, we acquire customers through business collaborators, directly sell our solutions to customers and pay business collaborators commission fees, and we recognize revenue at the gross amounts billed to end customers. The relationship between business collaborators and us under such model is categorized as a principal-agent relationship. Revenue attributable to these business collaborators under the above collaboration models, in aggregate, accounted for approximately 2.1%, 1.6%, 1.8% and 1.8% of our total revenue in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively. According to the F&S Report, the engagement of and sales through business collaborators are in line with the industry norms of the financial and tax-related transaction digitalization market.

To the best of our Directors' knowledge, as of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of our Directors had owned more than 5% of our issued share capital) had any interest in any of our business collaborators and none was controlled by our current or former employees, except for Taobao and its affiliate. Among our other business collaborators, Baiwang Jinshui Technology Co., Ltd., Yunnan Baiwangyun Digital Technology Co., Ltd., Beijing Baiwang Cube Technology Co., Ltd., Shanghai Yiqin Software Co., Ltd., Fujian Baiwangyun Technology Co., Ltd., and Ningbo Lanyuan Baiwang Cloud Digital Technology Co., Ltd. are our equity investees. We do not offer any preferential terms to the above-mentioned affiliated business collaborators. During the Track Record Period, we did not provide any advance or financial assistance to our business collaborators.

Marketing

We rely on our in-house marketing team, business collaborators and third-party marketing companies to market our solutions. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, our distribution and selling expenses were RMB77.9 million, RMB132.7 million, RMB98.9 million, RMB69.2 million and RMB149.1 million, respectively, accounting for 26.8%, 29.2%, 18.8%, 18.4% and 31.8% of our total revenue in the same periods, respectively. Our in-house marketing and customer relationship team is responsible for developing and maintaining customer relationships. We hold customer conferences, industry meetings and policy release interpretation seminars, so as to maintain communication with customers and promote our products and services. We also publish industry reports and case studies to share our industry know-how and insights to attract more customers in various industries. Our dedicated customer services have also brought us word-of-mouth referrals among key industry players, which enhances our brand reputation and furthers our penetration in the relevant industry sectors. We also engage business collaborators to market our products and services to small and micro-sized businesses, which complements our in-house marketing efforts that focus primarily on industry leading players and regional top players, so as to broaden and diversify our customer base. See "—Sales Model—Business Collaborators." In addition, we engage third-party marketing companies to devise marketing campaigns and promote our solution offerings.

OUR CUSTOMERS

Since our inception, we have accumulated a large and diversified enterprise customer base with our high-quality product and service offerings. Revenue generated from our largest customer in 2020, 2021, 2022 and the nine months ended September 30, 2023 accounted for 3.6%, 6.5%, 18.0% and 22.5%, respectively, of our total revenue in the same periods. Revenue generated from our five largest customers in 2020, 2021, 2022 and the nine months ended September 30, 2023 accounted for 15.5%, 21.7%, 34.5% and 43.1%, respectively, of our total revenue in the same periods. We do not believe that we relied on any particular customer to generate a significant portion of our revenue during the Track Record Period. The following table shows the details of our five largest customers during the Track Record Period.

Customer	Revenue amount	Percentage of total revenue	Business relationship since	Customer background	Solutions and services sold
	(RMB in millions)	*(%)*			
For the nine months ended September 30, 2023					
Customer A	105,226	22.5	2021	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven intelligence solutions

Customer	Revenue amount	Percentage of total revenue	Business relationship since	Customer background	Solutions and services sold
	(RMB in millions)	*(%)*			
Guangxi United*	36,997	7.9	2022	A domestic technology-as-a-service company providing technology development, consultation and services	Data-driven intelligence solutions
Customer B	35,813	7.6	2016	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven intelligence solutions
Customer C	11,986	2.6	2021	A domestic technology-as-a-service company providing technology development, consultation and services	Financial & tax digitalization solutions
Customer D	11,683	2.5	2021	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven intelligence solutions
Total	201,705	43.1	—	—	—

* Guangxi United is our associate company. See "—Cloud Solutions—Data-driven Intelligence Solutions—Risk Intelligence Services—Enterprise Operation Reporting Services."

Customer	Revenue amount	Percentage of total revenue	Business relationship since	Customer background	Solutions and services sold
	(RMB in millions)	*(%)*			
For the year ended December 31, 2022					
Customer A	94.5	18.0	2021	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven intelligence solutions
Customer B	35.8	6.8	2016	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven intelligence solutions
Customer E	21.2	4.0	2018	A domestic company providing technology development, consultation and services	Data-driven intelligence solutions
Customer F	17.2	3.3	2018	A domestic technology-as-a-service company providing technology development, consultation and services	Data-driven intelligence solutions
Customer G	12.5	2.4	2019	A domestic commercial bank providing public deposit services, interbank lending and other banking and financial businesses	Data-driven intelligence solutions
Total	181.2	34.5	—	—	—

Customer	Revenue amount	Percentage of total revenue	Business relationship since	Customer background	Solutions and services sold
	(RMB in millions)	*(%)*			
For the year ended December 31, 2021					
Customer B	29.6	6.5	2016	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven intelligence solutions
Customer E	25.0	5.5	2018	A domestic company providing technology development, consultation and services	Data-driven intelligence solutions
Customer F	17.5	3.9	2018	A domestic technology-as-a-service company providing technology development, consultation and services	Data-driven intelligence solutions
Customer A**	14.3	3.1	2021	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven intelligence solutions
Customer H	12.0	2.6	2021	A domestic company providing Financing and IT consulting services	Data-driven intelligence solutions
Total	98.4	21.6	—	—	—

** Customer A became our top five customers shortly after commencing business relationship with us, primarily because Customer A launched its financial products for SMB financing in 2021, and has partnered with us to leverage our digital precision marketing capability since then. We have continued to deepen our business relationship with Customer A as the value of its financial product sales facilitated by us experienced rapid growth in 2021 and 2022. We became acquainted with Customer A through our ordinary business development activities.

Customer	Revenue amount	Percentage of total revenue	Business relationship since	Customer background	Solutions and services sold
	(RMB in millions)	*(%)*			
For the year ended December 31, 2020					
Customer B	10.6	3.6	2016	A domestic private bank providing public deposit services, interbank lending and other banking and financial businesses	Data-driven intelligence solutions
Company Z***	9.0	3.1	2018	A domestic technology company providing technology development, consultation and services	Financial & tax digitalization solutions
Customer H	9.0	3.1	2017	A domestic company providing IT development, consultation and services	Financial & tax digitalization solutions
Customer E	8.5	2.9	2018	A domestic company providing IT development, consultation and services	Data-driven intelligence solutions
Customer I	8.0	2.8	2016	A domestic insurance company engaged in property and casualty insurance, and reinsurance businesses	Financial & tax digitalization solutions
Total	45.1	15.5	—	—	—

*** Company Z was also one of our top five suppliers in 2021. See "—Our Suppliers."

In 2020, 2021, 2022 and the nine months ended September 30, 2023, revenue from Company Z was RMB9.0 million, RMB10.2 million, RMB3.1 million and RMB1.6 million, respectively, and our purchases from Company Z were nil, RMB5.8 million, RMB7.4 million and RMB8.3 million, respectively. In 2022 and the nine months ended September 30, 2023, Supplier A was also our customer for digital precision marketing services, with revenue contribution of RMB0.6 million an RMB1.8 million in the same periods, respectively. Negotiations of the terms of our sales to and purchase from Company Z and Supplier A were conducted on an individual basis and the sales and purchases were neither connected with nor conditional upon each other. All of our sales to and purchases from Company Z and Supplier A were conducted in the ordinary course of business under normal commercial terms and at arm's length.

Save as disclosed above, as of the Latest Practicable Date, none of our Directors, their associates or any shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five customers.

CUSTOMER SERVICE

We strive to improve customer satisfaction by offering high-quality customer service. We provide maintenance services for our customers to ensure the proper functioning of our solutions. Our maintenance services include service updates and upgrades, user support and training. We had an in-house team of 88 members to provide after-sales service as of September 30, 2023. We provide user support and training through our 7/24 national hotline and in-person services. Our customers have access to our call center services and are entitled to free product upgrades during the term of their subscription, which is usually for a period of one year. As we upgrade and optimize our products on a continuous basis, we also provide a series of after-sales services to ensure that our customers are sufficiently and adequately equipped with knowledge about our products and services. To this end, we have instituted the following after-sales services.

- *Manuals and handbooks.* Video tutorials, user manuals, and FAQs of our products are available on our official website and through the backend of our platform.

- *One-on-one after-sale guidance.* We designate exclusive after-sales service team member for certain key customers.

- *Online training.* We provide our customers with scheduled online training presented by our R&D team ensuring that our customers are familiarized with the various functions of our products in a timely manner. Such training includes operation demonstration, real-time Q&A and operation coaching.

- *Offline training.* We provide scheduled offline training to our customers as well, especially customers of our on-premises products and services, helping them fully understand our products through guidance on product functions and backend operation, collecting feedback from our customers and optimizing our products and services on a continuous basis.

We record all user feedback and conduct user survey periodically. Our management team evaluates user feedback and survey results on a regular basis and perform root-cause analysis to identify the underlying reasons for any user dissatisfaction. Once such causes have been identified, we devise improvement measures and execute accordingly. We also continuously exercise quality control of the customer service provided by our customer service team to ensure that our brand image is not tarnished by substandard services, and we use a customer service automation system to track each customer inquiry until it is resolved. We also regularly provide training programs to our customer service staff.

OUR SUPPLIERS

Our suppliers primarily include hardware and software providers, outsourcing service providers, business collaborators, marketing agents and data providers. See "— Outsourcing" for details regarding the outsourcing arrangements with our suppliers. We select our suppliers based on the quality of their products and services, their operation scale, qualifications, prices and our business needs. Purchases from our top five suppliers accounted for 38.7%, 27.5%, 41.4% and 38.4% of our total purchases in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively, and purchases from our largest supplier accounted for 13.3%, 8.5%, 21.9% and 13.9% of our total purchases in the same periods, respectively. Our suppliers typically grant us a credit term of 30 to 90 days. As of the Latest Practicable Date, all of our suppliers in relation to our business operations were based in China. The following table sets forth certain information of our top five suppliers during the Track Record Period.

Supplier	Types of products/ services provided	Purchase amount	Percentage of total purchase	Business relationship since	Supplier background
		(RMB in millions)	*(%)*		
For the nine months ended September 30, 2023					
Supplier A	Marketing services	36.1	13.9%	2020	A domestic company providing information transmission, software and IT services especially for SMB financing
Shanghai Shimiao Information Technology Service Co., Ltd.	Marketing services	18.6	7.2%	2021	A domestic company providing financial services
Chongqing Qianliu Technology Co. Ltd.	Marketing services	16.0	6.1%	2022	A domestic company providing information transmission, software and IT services especially for SMB financing

Supplier	Types of products/ services provided	Purchase amount	Percentage of total purchase	Business relationship since	Supplier background
		(RMB in millions)	*(%)*		
Sichuan Jiuhe Rongchuang Information Technology Co., Ltd.	Marketing services	15.8	6.1%	2022	Software and IT services
Alibaba Cloud Computing Ltd.	IT services	13.4	5.1%	2016	Software and IT services
Total	—	99.9	38.4%	—	—
For the year ended December 31, 2022					
Supplier A	Marketing services	58.4	21.9	2020	A domestic company providing information transmission, software and IT services especially for SMB financing
Supplier B	Technology services	17.2	6.5	2016	A domestic company providing science and technology promotion and application services with respect to information security hardware
Shanghai Shimiao Information Technology Service Co., Ltd.	Marketing services	15.6	5.8	2021	A domestic company providing financial services
Alibaba Cloud Computing Ltd.	IT services	10.8	4.0	2016	Software and IT services
Supplier C	Marketing services	8.5	3.2	2020	A domestic technology company providing science and technology promotion and application services
Total	—	110.5	41.4	—	—

Supplier	Types of products/ services provided	Purchase amount	Percentage of total purchase	Business relationship since	Supplier background
		(RMB in millions)	*(%)*		
For the year ended December 31, 2021					
Supplier A	Marketing services	14.9	8.5	2020	A domestic company providing information transmission, software and IT services especially for SMB financing
Supplier B	Technology services	11.3	6.5	2016	A domestic company providing science and technology promotion and application services with respect to information security hardware
Alibaba Cloud Computing Ltd.	IT services	8.4	4.8	2016	Software and IT services
Beijing Wangzhi Qianhong Technology Co., Ltd	Technology services	7.4	4.3	2018	A domestic technology company providing science and technology promotion and application services
Company Z	Data services	5.8	3.4	2018	A domestic technology company providing science and technology promotion and application services
Total	—	47.8	27.5	—	—

Supplier	Types of products/ services provided	Purchase amount	Percentage of total purchase	Business relationship since	Supplier background
		(RMB in millions)	*(%)*		
For the year ended December 31, 2020					
Supplier B	Technology services	17.2	13.3	2016	A domestic company providing science and technology promotion and application services with respect to information security hardware
Supplier D	IT services	8.5	6.6	2017	A domestic company providing science and technology promotion and application services especially with respect to information security
Alibaba Cloud Computing Ltd.	IT services	8.4	6.6	2016	Software and IT services
Beijing Wangzhi Qianhong Technology Co., Ltd	Technology services	8.1	6.3	2018	A domestic technology company providing science and technology promotion and application services
Beijing Watertek Information Technology Co., Ltd.	Hardware	7.8	6.0	2016	Science and technology promotion and application services
Total	—	50.0	38.8	—	—

* Company Z was one of our top five customers in 2020. See "—Our Customers."

Beijing Watertek Information Technology Co., Ltd. (together with its subsidiaries, "Watertek"), one of our Shareholders, was one of our top five suppliers in 2020, and our purchases from Watertek were RMB7.8 million, RMB4.7 million, RMB5.5 million and RMB1.1 million in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively. We procured IT services from Alibaba Cloud Computing Ltd., a fellow subsidiary of our substantial Shareholder, and our purchases from Alibaba Cloud Computing Ltd. were

RMB8.4 million, RMB8.4 million, RMB10.8 million and RMB13.4 million in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively. Such transactions were conducted in the ordinary course of business at arms' length with reference to normal commercial terms. Save as disclosed above, as of the Latest Practicable Date, none of our Directors, their associates or any shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five suppliers.

DATA PRIVACY AND SECURITY

Type of Data and Scope of Usage

We collect, store, process and analyze certain personal information of the individuals affiliated with our customers that use our various services. Prior to providing related services, we will obtain their prior consent to providing certain personal information relevant to the services offered. The following summary sets forth the types of personal information accessed and collected through our various solution offerings.

- *E-invoice compliance management solutions.* We collect users' contact, account and device information for service provision purposes. We do not provide such personal information to third parties.

- *Intelligent financial and tax management solutions.* We collect users' contact, account and device information for service provision purposes. We do not provide such personal information to third parties or use such information for data mining or personalized recommendation.

- *Intelligent supply chain collaboration solutions.* Similar to aforementioned solutions, we primarily collect users' contact, account and device information for service provision purposes. Specifically for our contingent workforce management services, we also collect contact, account and real-name authentication information from individual service providers and will supply such information to third parties for identity authentication purposes based on authorization letters signed by such individuals. We will provide such individual service providers' name, personal identification numbers, contact and bank account information to local tax authorities, payor banks and our enterprise customers, to complete our contingent workforce management services.

- *Data-driven intelligence solutions.* We collect users' names, personal identification numbers and contact information primarily for service provision purposes.

In each of the above scenarios, the ownership of the personal information and data remains with the users themselves, and we would obtain explicit consent from the relevant users prior to the collection, usage and sharing of their personal information, primarily through data collection authorization tool and authorization consent letters executed by the relevant users. Under our privacy agreement, we are required to confirm the scope of authorization prior to each information sharing. Upon any change to the scope of authorization, we would re-confirm authorization with the users. We ordinarily review user authorization for our data-driven intelligence solutions. Furthermore, without prior consent from customers, customer data, including personal information, invoice data and other transaction information, obtained by us are not shared among our different business segments and entities. Specifically, without prior consent from customers, personal information or data obtained from customers of financial & tax digitalization solutions are not shared or used during the provision of data-driven intelligence solutions, and vice versa. During our provision of financial & tax digitalization solutions, upon enterprise authorization, we transmit and store enterprise data after encryption, and such data is not transmitted or shared within different departments or entities of ours. We will transmit such data to the licensed credit reporting agencies we collaborate with after obtaining authorization from enterprises, and such licensed credit reporting agencies will produce enterprise operation reports based on these data. On the other hand, financial service providers need to separately obtain proper authorization from enterprises before they can access the enterprise operation reports. See "—Risk Intelligence Services—Enterprise Operation Reporting Services" for details. During the Track Record Period and up to the Latest Practicable Date, there had not been any circumstances under which we had disclosed data of our customers or data directly identifiable to a specific customer or user without prior consent to any government authorities, nor had we engaged in cross-border data transfer during our daily business operation.

We encrypt sensitive and confidential personal information when transmitting such information, and de-sensitize when displaying such information to protect the security of personal information. Personal information is stored on certain third-party cloud platform and only for the period necessary for the purpose of providing our services, and such personal information is deleted or anonymized after the designated period.

In addition to personal information, we have access to invoice data and other transaction information after obtaining relevant authorization and publicly available enterprise information obtained from third parties. For our e-invoice compliance management solutions, we primarily obtain invoice information and basic enterprise profile primarily from the enterprise customers themselves or publicly available information, and our collection practices are specified in our privacy policy and authorization agreement with our customers. For our data-driven intelligence solutions, we also obtain enterprises' tax information as authorized by enterprises. If enterprises delete their user accounts registered with us, we will regard such activity as withdrawal of their consent and cease acquiring their information. For our intelligent financial and tax management solutions, we collect data relating to customer orders, invoices and merchandise and store such data in the form of structural data, which refer to data that has a standardized format for efficient access. For our reconciliation and billing management services, we only collect and store invoice-related bills and data as authorized by our customers and users. Data obtained from different solutions is stored and isolated on certain third-party cloud platform.

We retain customers' transaction and personal information within their authorized period, which terminates upon user de-registration or withdrawal of consent.

Infrastructure Stability and Data Security

We are committed to protecting security and privacy of our user information. We take safety precautions in confidential information storage. Our IT network is configured with multiple layers of protection to secure our databases and servers. To protect security throughout the various stages of our daily operation and data analytics, all user data tagged and processed and our testing data are stored on our firewall-protected physical servers and our cloud storage system operated by prominent third-party cloud service providers. We back up user data on a daily basis in various separated secured data back-up systems to minimize the risk of user data loss or leakage. We also conduct frequent reviews of our back-up systems to ensure that they function properly and are well maintained. We believe we maintain stable, reliable, secure, and scalable technological infrastructure that is compatible to our growing business. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material cybersecurity or data security incident.

Data Protection

We have placed great emphasis on protection of data privacy of enterprise customers and their affiliated individuals. Pursuant to applicable PRC laws and regulations, our user registration agreement, privacy policy and user data authorization agreements with our customers have informed them of the purpose, scope, and method for information collection and use, and we have been following the agreed purpose, scope and method. Our privacy policy is regularly updated in compliance with relevant laws and regulations on data protection and privacy applicable to our business operations. We have not sold or illegally provided such user information we have accumulated to any third parties.

We have also adopted a set of security safeguard measures to protect the data we have accumulated and stored, including, but not limited to, encryption technology for data transmission and storage, conducting data classification management, applying strict user data access and usage management policies, and establishing an independent information security management department. For details, see "—Internal Control and Risk Management—Information System Risk Management." We have formulated data security policies to govern information transmission and communication mechanisms within our Group and information access for our personnel at different levels. We implement internal approval process to monitor and control employees' information access. In addition, we implement the following internal policies to ensure our data privacy:

- *Software usage*. The software on our internal platform has received and maintained valid IT and safety certificates.

- *Internal training*. We provide regular trainings to our staff on internal policies and procedures for data security, on software technical skills to prevent data leakage, and on other aspects that are relevant to their day-to-day work.

- *Data protection software*. Our data protection software is updated timely and efficiently to prevent data leakage and cyber-attack.

- *Cyber security monitoring*. We have established a comprehensive system to detect and prevent data breaches, cyber threats, and other system vulnerabilities.

- *Data encryption and penetration testing*. Sensitive business information is routinely encrypted and we conduct system-wide vulnerability scanning to continually improve our data security measures.

Furthermore, we enter into confidentiality agreements with our employees who have access to any above-described user information. The confidentiality agreements provide that, among others, our employees are legally obligated not to share, distribute or sell the confidential information, including the user information in possession, to any other parties, including other employees who have no access to the information. Our employees are also legally obligated to surrender all confidential information in possession while resigning, and to retain their confidential obligations thereafter.

As a matter of internal control, we have formulated data security compliance management measures and other policies to strengthen data security management and handle data security emergencies. We have set up our data security management committee, which consists of our chief operating officer, chief technology officer, and other relevant core personnel, and formulated a contingency plan for cybersecurity emergency drills every year.

We have also set up a strict access control and monitoring mechanism for which information is accessed on an as-needed basis. A secure data domain has been activated to supervise data access with respect to the financial and tax-related and big data databases.

Service agreements for our data-driven intelligence solutions obligate us not to disclose natural persons' information to any third party without authorization, except for our cooperative partners, who should strictly follow our requirements on data security. We are committed to ensuring that the collection, analysis, collation, and processing of such information comply with the provisions of the relevant laws and regulations and that the personal information we obtain from natural persons is protected safely and securely. We are also committed to fulfilling the obligation of security protection to safeguard the network and system from interference, destruction, or unauthorized access, and to prevent network data from being leaked, stolen, or tampered with.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any penalty, investigation by cybersecurity departments, litigation or dispute related to data security and personal information protection which, individually or in aggregate, have had or are reasonably likely to have a material adverse effect on us, our financial performance and results of operations. As advised by our PRC Legal Advisor, we had complied with the currently effective PRC laws and regulations on data security, personal information protection and cybersecurity in all material respects related to our business operations as of the Latest Practicable Date.

OUTSOURCING

During the Track Record Period, we collaborated with third-party outsourcing companies to carry out business operations in regions that our employees did not readily cover. In this case, the responsibility of our outsourced service providers include providing maintenance services for our on-premises solutions, providing service support in connection with our contingent workforce management services, and facilitating project execution, R&D services, feasibility research and customer services. Our outsourced service providers may provide administrative and R&D support in carrying out their responsibilities. In this case, the outsourced service providers are responsible for performing the relevant work according to our specifications, and we are responsible for supervising their work performance and progress.

During the Track Record Period, our outsourcing expenses were RMB6.5 million, RMB7.9 million, RMB16.0 million, RMB12.7 million and RMB13.6 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively, accounting for 2.2%, 1.7%, 3.0%, 3.4% and 2.9% of our total revenue in the same periods, respectively. Our outsourcing expenses increased significantly from RMB7.9 million in 2021 to RMB16.0 million in 2022, primarily due to (1) an increase of RMB4.3 million in outsourcing expenses categorized under our administrative expenses as a result of the increase in compensation incurred for outsourced administrative activities and personnel, and (2) an increase of RMB3.8 million in other outsourcing expenses, primarily because we increased the scale of outsourced operations, as a result of the cost-effectiveness of outsourcing arrangement, especially for our on-premises solutions and contingent workforce management services that require field support.

SUSTAINABILITY OF OUR BUSINESS

SaaS products, such as our cloud financial & tax digitalization solutions, typically require substantial initial investment in R&D, product development and customer acquisition in order to garner market acceptance. The lag between profit making and initial investment is largely due to the subscription-based revenue model of SaaS products, which generates stable and recurring revenue flows after their customer base and market acceptance reach a certain scale. SaaS service providers need to devote substantial resources to sales and marketing to amass a vast customer base, from which they can continue to generate recurring subscription revenue during customers' lifetime. At the same time, SaaS service providers also need to roll out products with compelling value propositions to a broad range of customers to ensure customer stickiness, which require significant upfront investment in R&D and product development. Such upfront investments may not generate expected return in time. As the business scale of SaaS service providers grows, they can gradually turn into profit making position, as the sustainable recurring revenue growth outpaces operating costs and expenses, as a result of greater economy of scale and synergies in customer retention and product development. For these reasons, the breakeven period for service provider in the financial & tax digitalization market in China may take over 10 years, according to the F&S Report. Furthermore, China's financial & tax-related transaction digitalization market is still at an early stage of development, and most players in the market, including us, have not become profitable, according to the same source.

We have also invested significant resources in developing our data-driven intelligence solutions. For our enterprise operation reporting services, we need to build up our data assets through continuous offering of our financial & tax digitalization solutions and refine our data analytics capabilities to allow financial service providers to gain meaningful and comprehensive understanding of the business performance and operation status of small and micro-sized enterprises with financing needs. Therefore, similar to our financial & tax digitalization solutions, we have incurred substantial upfront research and development expenses in improving our enterprise operation reporting services. For our digital precision marketing services, we initially relied on marketing agents to promote financial products launched by financial service providers and identify potential users for their financial products, which has caused us to incur significant amount of referral fees. In order to reduce our reliance on marketing agents, we are also in the process of establishing our in-house sales force.

Our Historical Financial Performance and Paths Forward

Since our inception, we have achieved improvement in our results of operations and asset position. Our revenue increased from RMB291.1 million in 2020 to RMB453.8 million in 2021 and further to RMB525.8 million in 2022, and increased from RMB377.3 million in the nine months ended September 30, 2022 to RMB468.4 million in the nine months ended September 30, 2023, primarily attributable to our business growth, especially with respect to our data-driven intelligence solutions. Our total assets was RMB863.3 million, RMB1,325.9 million, RMB1,260.7 million and RMB1,112.4 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. However, we incurred net losses of RMB388.8 million, RMB448.4, RMB156.2 million, RMB101.9 million and RMB213.5 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. Our net loss margin fluctuated during the Track Record Period, which decreased from 133.6% in 2020 to 29.7% in 2022, primarily driven by our business growth. However, our net loss margin increased significantly from 27.0% in the nine months ended September 30, 2022 to 45.6% in the nine months ended September 30, 2023, primarily because the increase in our costs and expenses outpaced our revenue growth.

During the Track Record Period, we incurred substantial cost and expenses to increase the market acceptance of our solutions and grow our business, including:

- referral fees to strengthen our service capabilities for our digital precision marketing services, which increased from RMB24.5 million in 2020 to RMB153.6 million in 2022 and from RMB109.3 million in the nine months ended September 30, 2022 to RMB165.1 million in the nine months ended September 30, 2023. The increase of referral fees was primarily due to the expansion of the business scale of our digital precision marketing services and our continual engagement of marketing agents.

The number of our marketing agents was 172, 299, 511 and 516 as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. The number of financial product users referred by marketing agents that ultimately submitted applications for financial products was 54.7 thousand, 109.7 thousand, 160.9 thousand, 108.6 thousand and 158.0 thousand in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

- employee benefit expenses to recruit and retain skilled personnel, which increased from RMB216.5 million in 2020 to RMB321.7 million in 2022 and from RMB232.7 million in the nine months ended September 30, 2022 to RMB298.8 million in the nine months ended September 30, 2023, primarily due to the expansion of our workforce, as the nationwide adoption of digital invoices requires product and solution customization and upgrade for our existing customers, as well as new marketing tactics to attract new customers, and we recruited more skilled personnel for our product development, R&D and sales and marketing teams to address such emerging business needs. Our employee headcount increased from 679 as of December 31, 2022 to 995 as of September 30, 2023, of which the headcount of our operations and support team increased from 187 to 312 during the same period. As we become more familiar with product and solution development for digital invoices, we expect to optimize our staff structure and control employee benefit expenses.

- share-based payment expenses to enhance employee loyalty, which was RMB49.8 million, RMB161.4 million, RMB10.5 million, RMB7.5 million and RMB163.7 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees.

Specifically, our net loss increased significantly from RMB101.9 million in the nine months ended September 30, 2022 to RMB213.5 million in the nine months ended September 30, 2023, primarily because we incurred significant share-based payment expenses to incentivize our administrative and sales and marketing personnel employees, which increased significantly from RMB7.5 million to RMB163.7 million in respective periods, and referral fees to grow our digital precision marketing services, which increased significantly from RMB109.3 million to RMB165.1 million in respective periods. The decrease in our gross profit and deterioration of gross profit margin also contributed to our widened loss in the nine months ended September 30, 2023. Our gross profit margin decreased significantly to 29.1% for the nine months ended September 30, 2023, compared to 41.4% for the nine months ended September 30, 2022 and 40.8% for the year ended December 31, 2022, primarily due to the combined effect of (1) the significant increase in staff costs in the nine months ended September 30, 2023, as a result of the increase in our employee headcount; (2) the increase in revenue contribution of digital precision marketing services, which had a lower profit margin than other cloud solutions; and (3) the margin erosion of digital precision marketing services, primarily due to the increase in sales of credit facility products facilitated by the Company, which typically had a lower profit margin.

To pave the way for long-term success in the fast-growing market, we have been focusing on driving our revenue growth, expanding our business scale by adapting our business and solutions based on regulatory updates applicable to the industries in which we operate, growing our customer base and improving our operational efficiency, rather than seeking short-term financial return or profitability. We believe we can scale up our business from the solid foundation we have built in the past. For example, we have been able to expand our customer base and increase their spending on our solutions. During the Track Record Period, the number of our KA customers increased from 294 in 2020 to 338 in 2021 and further to 344 in 2022, and increased from 302 in the nine months ended September 30, 2022 to 381 in the nine months ended September 30, 2023, and the number of our mid-market customers increased from approximately 9,900 in 2020 to approximately 12,500 in 2021 and further to approximately 15,000 in 2022, and increased from approximately 13,900 in the nine months ended September 30, 2022 to approximately 19,100 in the nine months ended September 30, 2023. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we served 68, 91, 101, 93 and 88 customers with our data-driven intelligence solutions.

Going forward, we aim to achieve profitability by (1) driving continuous revenue growth, (2) leveraging market opportunities and favorable government policies to grow our business scale, (3) retaining existing KA customers and expanding our customer base, (4) optimizing operations and increasing economies of scale and cost-efficiency, and (5) improving operating cash flow position.

Driving Continuous Revenue Growth

In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we derived revenue from our cloud financial & tax digitalization solutions of RMB124.2 million, RMB156.6 million, RMB158.0 million, RMB118.1 million and RMB129.2 million, respectively, accounting for 42.7%, 34.5%, 30.1%, 31.3% and 27.6% of our total revenue in the same periods, respectively. On the other hand, we generated revenue from our data-driven intelligence solutions of RMB63.0 million, RMB178.6 million, RMB263.5 million, RMB190.2 million and RMB268.2 million, respectively, accounting for 21.6%, 39.4%, 50.1%, 50.4% and 57.2% of our total revenue in the same periods, respectively. As we generate revenue primarily from our financial & tax digitalization solutions and data-driven intelligence solutions, the sustainable growth of our revenue primarily depends upon our ability to explore more up-selling and cross-selling opportunities and develop and upgrade our core solutions and services.

We also seek to drive our revenue growth and grow our business by implementing the following measures.

- We plan to explore more upselling and cross-selling opportunities among our diverse solution offerings. We believe that our various initiatives to strengthen our sales and marketing efforts and enhance the synergy among our various solutions will enable us to expand our customers' use of our solutions, which may in the short term result in an increase in our sales and marketing expenses and research and development expenses but is expected to continue to generate more cross-selling and up-selling opportunities and increase our gross profit in the long run.

- We plan to enhance the function of our current solutions and launch new solution offerings to satisfy customer demands for diversified solutions and services. Specifically, we plan to achieve fully automated processing of transaction documents, upgrade the reconciliation and automation modules in our intelligent supply chain collaboration solutions, and enhance the risk control capability of risk intelligence services to lay the foundation of our model-as-a-service business. We will also implement a number of new projects to diversify our current solution offering. See "Future Plans an [**REDACTED**]" for details. Although such initiative will drive up our research and development expenses in the short term, we believe such investment is necessary for our long-term sustainable growth.

Leveraging Market Opportunities and Favorable Government Policies to Grow our Business Scale

As China's financial and tax-related transaction digitalization market and transaction-based big data analytics for SMB financing market continue to develop, huge market opportunities continue to emerge across a multitude of industries. See "Industry Overview—China's Enterprise Digitalization Market—Overview of China's Financial and Tax-related Transaction Digitalization Market" and "—China's Big Data Analytics for SMB Financing Market—Transaction-based Big Data Analytics for SMB Financing Market" for details. Favorable government policies have driven and are expected to continue to drive the development and growth of both markets. For instance, the B2V tax reform had promoted the rapid adoption of e-invoices, creating demands of centralized invoice management from corporate conglomerates. The digital invoice pilot program and its nationwide implementation facilitates the reduction of transaction costs and brings about the transformation of intelligent financial and tax management and application of transaction-based big data. We have closely followed these regulatory trends and curated our growth strategies, which had brought us substantial revenue growth. We believe we are well-positioned to seize the market potential and improve our profitability. See "—Overview—Our Market Opportunities."

Specifically, the promotion of digital invoices is expected to significantly drive our business growth. By the end of 2023, the adoption of digital invoices is expected to cover all regions in China and involve over 50 million enterprises. Digital invoice reform has brought impetus to the digital transformation of enterprises' financial and tax management. Enterprises need to upgrade their existing VAT invoicing system for the issuance and management of digital invoices, which is expected to bring new business opportunity for us. According to the F&S Report, it is expected that, by the end of 2023, more than 1.1 million enterprises will have needs for financial & tax digitalization solutions as a result of the adoption of digital invoices. According to the same source, construction of digital invoice infrastructure from scratch is estimated to cost an average of RMB350,000 per enterprise, and upgrade of the existing systems of an enterprise to accommodate the application of digital invoices will cost an average of RMB200,000 per enterprise. We won the bid for the construction of the SAT's internal system that is compatible with digital invoices. Leveraging our technological capability and experiences serving the SAT in the new arena of digital invoices, we expect to attract new customers for their digital invoice infrastructure construction. We believe we are also well-positioned to serve our existing customers to upgrade their existing systems to accommodate the application of digital invoices, as we are familiar with our customers' invoice management needs and pain points, as well as their technological systems based on our service experiences with them. In addition to the SAT's digital invoice reform, the MOF has also expanded the nationwide pilot application of electronic voucher accounting data standards and electronic accounting files. We expect such pilot application will prompt enterprise investment in infrastructure construction for electronic accounting files and electronic vouchers. Given our accumulated experiences in the provision of electronic accounting archive management services, we believe we are well-positioned to grasp the upside potential brought by these reforms. We believe, as the electronic accounting standards and requirements may apply to more types of accounting files and vouchers, customer demands for upgraded electronic file management services will bring us continuing revenue stream.

We believe the development of the industries in which we operate will create greater demands for our solution offerings, and propel our revenue growth. For example, we believe the nationwide digital invoice reform has increased enterprises' demands for upgraded financial and tax management centered on digital invoices, which is expected to drive the growth of China's financial and tax-related transaction digitalization market, and provide opportunities for market players, such as us, to further up-sell our solutions. According to the F&S Report, China's financial and tax-related transaction digitalization market, in terms of revenue, increased from RMB3.7 billion in 2018 to RMB5.9 billion in 2022, at a CAGR of 12.4%, and is expected to reach RMB19.3 billion in 2027, at a CAGR of 26.7% from 2022 to 2027. To leverage the nationwide adoption of digital invoices, we plan to promote and cross-sell our intelligent financial and tax management solutions among customers of our e-invoice compliance management solutions to address their demands for paperless expenditure management, electronic accounting management and tax filing management. With the popularization of digital invoices, we also plan to promote and cross-sell our intelligent financial and tax management solutions among customers of our intelligent supply chain collaboration solutions to address their demand for electronic billing and billing automation.

During the Track Record Period, our data-driven intelligence solutions grew at a much faster pace, primarily due to the diverse application scenarios of data-driven intelligence solutions, which enable us to leverage the rapid digitalization of financial services industry and the development of SMB financing in China. China's transaction-based big data analytics for SMB financing market, in terms of revenue, increased from RMB1.3 billion in 2018 to RMB4.5 billion in 2022, at a CAGR of 35.2%, and is expected to reach RMB15.3 billion in 2027, at a CAGR of 28.0% from 2022 to 2027. With our continually-growing data assets and the prevailing trend of SMB financing, we believe we are well-positioned to capture the upside potential of the transaction-based big data analytics for SMB financing.

Retaining Existing KA Customers and Expanding Customer Base

We believe that retaining existing KA customers, increasing customer subscriptions, and expanding our customer base are crucial to monetizing our business, increasing revenues, and achieving profitability. During the Track Record Period, the number of our KA customers increased from 294 in 2020 to 338 in 2021 and further to 344 in 2022 and increased from 302 in the nine months ended September 30, 2022 to 381 in the nine months ended September 30, 2023. The dollar-based retention rate for our KA customers of our cloud financial & tax digitalization solutions was 103.3%, 119.7% and 104.4% in 2020, 2021, 2022, respectively. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we served 68, 91, 101, 93 and 88 customers with our data-driven intelligence solutions. As of December 31, 2022, 80 of our top 100 KA customers in 2020 remained with us.

Going forward, we plan to implement the following strategies to retain existing KA customers and expand customer base.

- We will improve our solution quality and functionality in accordance with demands of KA customers, and set up service benchmark in various industry verticals to retain existing KA customers. We plan to conduct repeated sales of our mature and standardized products to improve our gross profit and gross profit margin.

- We plan to build and scale up our sales in southwestern, central, northwestern and northeastern China to establish a nationwide sales network. In 2020, 2021, 2022 and the nine months ended September 30, 2023, 31.2%, 35%, 30.7% and 21.2% of our KA customers were located in provinces and cities in southwestern, central, northwestern or northeastern China. We believe our past experiences of serving customers from these regions enabled us to gain a deep understanding of customer needs specific to their business operations, which paved the way for us to continue to provide high-quality services to our existing customers in these regions. In addition, our reputation among enterprises in these regions enables us to more cost-effectively acquire new local customers. Moreover, maintaining a nationwide sales network also improves our service capability with respect to our KA customers, many of which maintain nationwide operations, and our local personnel can provide timely, on-site assistance when needed. In addition, as the nationwide adoption of digital invoices brings new growth opportunities for us, we think it is pivotal that we develop strong market presence in southwestern, central, northwestern or northeastern China, where we have not yet established mature and strong marketing forces.

- We believe that customers of our financial & tax digitalization solutions span across most major industry verticals in China. Certain of our data-driven intelligence solutions, such as intelligent procurement optimization services, are also gradually adopted by enterprise customers across different industries. We will leverage our extensive industry experience to cover leading players in more industry verticals and further enhance our presence in existing industry verticals. With a unified cloud infrastructure, as we expand to additional industry verticals, we are able to acquire new customers and increase revenue at relatively low incremental R&D and implementation costs. Built upon a unified infrastructure, our solutions share the same set of basic standardized functionalities. As a result, when we expand into a new vertical, we typically do not have to incur significant research and development expenses to build new solutions from scratch, but can focus on crafting more sophisticated and industry specific features and functionalities. The standardized nature of our solutions also makes it easier for us to implement solutions for customers in new industry verticals as we are able to recycle the experience and know-how accumulated from serving existing customers.

Meanwhile, leveraging our business collaborator network and our industry experience as a service provider for tax authorities, we expect to seize the market opportunities brought about by the digital invoice reform and increase our market share by developing standardized solutions to cost-efficiently acquire new customers.

- For mid-market customers, we plan to develop standardized cloud solutions to cover more industry use cases, so as to reduce costs associated with customized development. We plan to expand our automatic transaction document processing capability beyond invoice processing and cover more types of transaction documents. We also plan to enrich our transaction document processing functions to cover bookkeeping, reimbursement, filing, receivable and payable automation, and tax management. We will continue to implement the sales strategy to leverage our reputation backed by service experiences for industry-leading KA customers and utilize regional business collaborators to cover mid-market customers in second- and third-tier cities that our direct sales force cannot readily cover.

- We maintain a large base of non-paying users composed of small and micro-sized businesses. As such users experience business growth and the increased coverage of digital invoices and e-invoices, they are expected to have more invoice processing and financial and tax management demand that will bring about substantial up-selling opportunities for us. Moreover, these small and micro-sized businesses are potential users for our digital precision marketing services. Their massive transaction records provide great data value for our data-driven intelligence solutions and improve the accuracy of our data modeling, which may increase customer demand for our data-driven intelligence solutions.

Optimizing Operations and Increasing Economies of Scale and Cost-Efficiency

Our ability to manage and control costs and operating expenses is critical to the success of our business and our profitability.

Our cost structure is affected by the mix of our solution offerings. For example, we primarily incur staff cost, cloud service fees and hardware costs for our cloud financial & tax digitalization solutions. For our data-driven intelligence solutions, we also incur referral fees paid to our marketing agents for digital precision marketing services, on top of staff cost and cloud service fees. We expect our cost of sales as a percentage of revenue may vary from period to period in the short term, as a result of the mix of our solution offerings, and will generally decrease in the long term, due to the following factors:

- We have invested heavily in developing technology capabilities and infrastructure in order to provide standardized and flexible solutions for customers. The solutions we provide are also highly modularized, and allow us to address customer's demands effectively and efficiently, which we believe in the long term will enable us to achieve significant overall cost and operating efficiency.

- We have continued to provide professional training to our staff to improve their expertise, project execution efficiency and service capability. We believe the improvement of overall service quality and efficiency will help improve customer satisfaction and in turn, improve our revenue, without significantly increasing our staff cost. Moreover, the accumulation of industry expertise of our employees through work experiences and our professional training, we expect our employees to become more sophisticated and experienced in serving customer needs, which will allow us to streamline our workforce structure and lower our recruitment needs.

- With respect to the referral fees paid to our marketing agents for digital precision marketing services, we expect to benefit from our customer diversification efforts, in particular the conversion of other users of our services, as well as the strong word-of-mouth referrals by our existing customers, to reduce our reliance on marketing agents, and thereby controlling our expenditure on referral fees.

We also plan to improve our operational efficiency by improving our sales and marketing efficiency and benefiting from economies of scale in terms of managing our research and development expenses and administration related expenses. We expect our distribution and selling expenses, research and development expenses and administrative expenses, in each case as a percentage of our revenue, will generally decrease in the long term, due to the following factors:

- During the Track Record Period, distribution and selling expenses, which consisted primarily of staff costs, and travelling and marketing expenses in connection with our distribution and selling activities, accounted for approximately 26.8%, 29.2%, 18.8%, 18.4% and 31.8% of our total revenue in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. We seek to continue to improve our distribution and marketing efficiency by promoting cross-selling and up-selling across our core solutions and services, and capitalizing on our established brand reputation and service experience to acquire customers more cost-effectively. We also intend to benefit from word-of-mouth referrals and convert non-paying users organically to manage our distribution and marketing expenses.

- Historically, we have invested significant resources in R&D efforts to form a solid technology foundation and build up the scalability for our various solution offerings. Our research and development expenses, as a percentage of our total revenue, was 39.2%, 30.4%, 27.4%, 28.8% and 28.9% in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. While we expect to continue to incur substantial research and development expenses in the foreseeable future, we believe that such expenses a percentage of our total revenue will decrease over time in the long term, due to improved economies of scale and operational efficiency. In particular, a significant portion of our research and development expenses is staff cost for our R&D personnel, which generally does not increase proportionally with our revenue growth. We also plan to implement a number of initiatives designed to increase our R&D efficiency. For example, we intend to use approximately [**REDACTED**]% of the [**REDACTED**] of this [**REDACTED**] to expand our internal R&D teams and enhance R&D efficiency, and approximately [**REDACTED**]% of the [**REDACTED**] of this [**REDACTED**] to build our business operation platform, data platform and technology platform, which we believe will enable us to develop and optimize solutions more efficiently. See "Future Plans and [**REDACTED**]" for details.

- Our administrative expenses, which primarily consisted for staff costs, traveling and promotion expenses, and professional service fees, accounted for 19.2%, 30.2%, 14.0%, 14.7% and 30.9% of our total revenue in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. We expect that our administrative expenses as a percentage of total revenue will generally decrease in the long term, as the major expense component, in particular staff costs representing wages, salaries and other benefits for our administrative personnel, generally do not increase proportionally with our revenue growth. We also plan to optimize the structure of our administrative team and streamline workflow to increase our operational efficiency.

Improving Operating Cash Flow Position

Our net cash used in operating activities was RMB80.1 million, RMB14.0 million, RMB64.3 million, RMB132.2 million and RMB128.4 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. Our operating cash outflows were primarily due to (1) our loss-making position during the relevant periods, and (2) changes in working capital caused by increases in contract assets, trade and other receivables, which were in line with our business growth during the Track Record Period.

In the future, we expect to improve our net operating cash outflows position by taking advantage of (1) our continuous revenue growth fueled by our growing customer base and expanding product and service offerings, (2) our improved operating leverage as we expect our revenue growth to exceed the increase in expenses gradually, and (3) our improved working capital.

To improve and refine our management of working capital, we will continue to leverage our brand awareness and service experience to negotiate more attractive contractual terms with our customers and suppliers. In the future, we plan to develop relationships with more customers of sound credit profile to collect our trade receivables in a more efficient manner and have implemented relevant measures, such as using the cash collection performance of trade receivables as one of the key performance indicators for our sales managers. In addition, we expect to fund our operations from [**REDACTED**] from this [**REDACTED**] and additional equity or debt financings. We do not foresee difficulties in securing debt financing to support our operations when necessary, because we currently do not have short-term or long-term loans, and have a relatively low gearing ratio.

Based on the foregoing, our Directors are of the view that our business is sustainable despite the current loss-making position.

The foregoing forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. See "Risk Factors—Risks Relating to Our Business and Industry—We had net loss, net current liabilities and net cash used in operating activities during the Track Record Period, and may continue to incur net loss, net current liabilities and net cash used in operating activities in the foreseeable future, which can expose us to liquidity risks," and "Risk Factors—Risks Relating to the [**REDACTED**]—Forward-looking statements contained in this document are subject to risks and uncertainties."

COMPETITION

The markets in which we operate are highly competitive. Our major competitors include players in the markets of financial and tax-related transaction digitalization and the transaction-based big data analytics for SMB financing. We believe the principal competitive factors in our industries are functionality and effectiveness of the solutions and services, user experience, technology and infrastructure capabilities, sales capabilities, industry knowledge, pricing and brand recognition and reputation. In addition, new and enhanced technologies and new market entrants may further increase competition in our industries. We believe that we are well-positioned to compete effectively based on the foregoing factors. See "—Competitive Strengths" for details. However, some of our current or potential competitors may be able to develop products and services better accepted by enterprises or may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, regulations or customer requirements. See "Risk Factors—Risks Relating to Our Business and Industry—We face competition from existing or new market players in the industries in which we operate, and we may not compete effectively." For more information of the competitive landscape of our industries, see "Industry Overview."

We believe, however, that we are equipped with the ability to compete with other market participants and that our ability to compete effectively depends upon many factors both within and beyond our control, including:

- profound experience in digitalization of enterprise transactions;
- the popularity, price, utility, ease of use, performance and reliability of our solution and service offerings compared to those of our competitors;
- our ability, compared to the ability of our competitors, to develop new product and service offerings in response to customers' pain points;
- our ability to scale up by attracting and retaining customers and our comprehensive customer base coverage in terms of industry sectors and growth stages;
- the expansiveness and influence of our business collaborators and marketing agents;
- our ability to provide superior customer experience;
- our reputation and brand strength relative to our competitors;
- our ability to attract, retain and motivate talented employees;
- our ability to raise additional capital; and
- acquisitions or consolidation within our industry.

INTELLECTUAL PROPERTY

We regard our proprietary domain names, copyrights, trademarks, trade secrets, and other intellectual property critical to our business operations. As of the Latest Practicable Date, we had 16 patents registered in China, including 14 invention patents and two design patents, as well as 59 pending invention patent applications. We also held 230 registered software copyrights, 116 registered domain names and 138 registered trademarks, as of the Latest Practicable Date. For details of our material intellectual property rights, see "Appendix IV—Statutory and General Information—2. Further Information about Our Business—B. Our Intellectual Property Rights."

We protect our intellectual property rights through a combination of copyright, trademark and other intellectual property laws, as well as confidentiality and license agreements with, among others, our employees, suppliers and customers. In general, our employees must enter into a standard confidentiality agreement acknowledging that all inventions, trade secrets, developments and other processes generated by them on our behalf are our property, and assigning to us any ownership rights that they may claim in those works. Our other key measures to protect our intellectual property include: (1) establishing a dedicated intellectual property legal taskforce to guide, manage, supervise and monitor our daily work regarding intellectual properties, (2) timely registration, filing and application for ownership of our intellectual properties, (3) actively tracking the registration and authorization status of intellectual properties and take action in a timely manner if any potential conflicts with our intellectual properties are identified, (4) separating physical areas for technology development areas and business secrets protection areas which are only accessible with authorization under strict visiting rules, and (5) clearly stating all rights and obligations regarding the ownership and protection of intellectual properties in all commercial contracts we enter into.

Despite our precautions, however, third parties may obtain and use intellectual property that we own or license without our consent. During the Track Record Period, we did not identify any of such breaches of our intellectual property rights. However, unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—Our intellectual property rights are critical to our success and infringement of our intellectual property right by any third party may materially and adversely affect our business, reputation, financial condition and results of operations."

As of the Latest Practicable Date, we owned 116 registered domain names. We generally renew our domain name registrations once every year, and as of the Latest Practicable Date, all of our registered domain names remained in effect.

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we were not involved in any intellectual property infringement actions brought by third parties that, individually or in the aggregate, would have a material adverse effect on our business, financial condition and results of operations.

EMPLOYEES

As of September 30, 2023, we had 995 full-time employees, all located in China. The following table sets forth the number of our employees by function as of September 30, 2023.

Function	Number of Employees	% of Total
Management and administration	71	7.1
R&D	361	36.3
Operations and support	312	31.4
Sales and marketing	251	25.2
Total	**995**	**100.0**

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. As a result, we have a strong track record in attracting and retaining our core employees.

We recruit our employees through internal referrals and recommendations, as well as online channels such as third-party employment websites. We provide robust training programs for onboarding employees. We believe such programs are effective in familiarizing and equipping our employees with the skill set and work ethics we require. We also provide regular and specialized trainings both online and offline, tailored to the needs of our employees in different departments.

As required under PRC labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, intellectual property ownership, non-compete provisions and grounds for termination. Specifically, the non-compete provisions contained in our employment contracts apply based on the importance of the employee positions and other relevant factors. In compliance with PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans. We had made contributions to the employee benefit plans as required under the relevant PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date. See "Risk Factors—Risks Related to Our Business and Industry—We face certain legal and regulatory risks relating to labor-related laws and regulations."

As of the Latest Practicable Date, our employees had not formed any employee union or association. We believe we maintain a good working relationship with our employees and we had not experienced any material labor dispute or any difficulty in recruiting or retaining staff for our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman insurance, insurance policies covering damages to our network infrastructures or IT systems, nor any insurance policies for our properties. During the Track Record Period, we did not make any material insurance claims in relation to our business. See "Risk Factors—Risks Relating to Our Business and Industry—Our limited insurance coverage could expose us to significant costs and business disruption" for further details.

PROPERTIES

As of the Latest Practicable Date, we leased properties with a gross floor area of approximately 10,065.41 square meters. All such properties have been used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are primarily used as office premises for our business operations, R&D facilities, and staff dormitories.

As of the Latest Practicable Date, we operated our businesses through 23 leased properties in Beijing, Guangzhou, Shanghai, Nanjing, Shenzhen, Hangzhou, Wuhan, and Chengdu, with a total gross floor area of approximately 10,065.41 square meters.

Our lease agreements in respect of the abovementioned 23 leased properties generally have expiration dates ranging from February 21, 2024 to May 4, 2026. We plan to renew our leases or negotiate new terms when the existing leases expire. All lessors are independent third parties. We did not experience material difficulties in negotiating renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date, none of the properties leased or owned by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group's interests in land or buildings.

Non-registration

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部). The registration of such leases will require the cooperation of our lessors. As of the Latest Practicable Date, we had not obtained lease registration for all of our leased properties with a gross floor area of approximately 10.065.41 square meters in China, primarily due to the difficulty of procuring our lessors' cooperation to register such leases. We will take all practicable and reasonable steps to ensure that such leases are registered. As advised by our PRC Legal Advisor, the lack of registration of the lease agreements will not affect the validity of such lease agreements.

According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As of the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities.

Title Defects

As of the Latest Practicable Date, six of our leased properties, primarily used as office premise, R&D facilities and staff dormitories, had title defects that may adversely affect our ability to continue to use them in the future. The aggregate leased area of these defective properties is approximately 851.53 square meters. The existence of title defects is mainly due to the failure of certain lessors to provide property ownership certificates, sublease authorization certificates or other relevant certificates regarding their legal right to lease such properties. Should disputes arise due to title encumbrances to such properties or government action, we may encounter difficulties in continuing to lease such properties and may be required to relocate. We do not expect to incur significant time for identifying, or incur significant cost to relocate our operations to, comparable alternative properties in proximity. Our Directors believe that relocation will not have a material adverse effect on our business, results of operations and financial condition.

As of the Latest Practicable Date, we were not aware of any challenge being made by a third party or government authority on the titles of any of these leased properties that might have a material adverse effect on our current occupation. In addition, as discussed above, our Directors do not anticipate any material practical difficulty in or significant costs relating to identifying comparable alternative premises for any of the defective premises above. There are no rules or regulations requiring the lessee to obtain the ownership certificate or regulatory punishment on the lessee for not doing so. Accordingly, our PRC Legal Advisor has advised that we, as lessee, are not subject to any material administrative penalty for the lessors' failure to fulfill its obligation to rectify the aforementioned title defects in the leased properties. Moreover, according to relevant PRC laws and regulations, the lessee has the right to claim compensation if the lease agreement is invalid due to the lessor's fault. In case where our ability to continue leasing such properties is affected by a third-party objection, we may seek indemnity from the lessor in accordance with relevant PRC laws and regulations. As a result, our Directors believe that these title defects would not materially and adversely affect our business, results of operations and financial condition.

LICENSES, PERMITS AND APPROVALS

The following table sets out a list of material licenses and permits currently held by us.

License/Permit	Holder	Granting authority	Grant date	Expiry date
Information Security Service Qualification Certificate (Cert No.: CCRC-2021-ISV-SI-2325)	The Company	China Cybersecurity Review Technology and Certification Center	May 20, 2022	May 19, 2025
Value-Added Telecommunications Services License	The Company	Ministry of Industry and Information Technology of the PRC	May 14, 2021	February 5, 2026
Information System Security Level Protection Record Certificate (Cert. No.: 11010824492-23003)	The Company	Beijing Public Security Bureau	April 6, 2023	*
Commercial Cryptography Product Certification (Cert. No.: GM001119920201967)	The Company	Commercial Cryptography Testing Center of State Cryptography Administration	July 1, 2020	December 29, 2024
Commercial Cryptography Product Certification (Cert. No.: GM001119920201942)	The Company	Commercial Cryptography Testing Center of State Cryptography Administration	July 1, 2020	December 27, 2024
Commercial Cryptography Product Certification (Cert. No.: GM001111020202201)	The Company	Commercial Cryptography Testing Center of State Cryptography Administration	September 8, 2020	September 7, 2025

License/Permit	Holder	Granting authority	Grant date	Expiry date
Commercial Cryptography Product Certification (Cert. No.: GM001111020202144)	The Company	Commercial Cryptography Testing Center of State Cryptography Administration	September 25, 2020	September 24, 2025
Commercial Cryptography Product Certification (Cert. No.: GM001111020210003)	The Company	Commercial Cryptography Testing Center of State Cryptography Administration	January 5, 2021	January 4, 2026

* The Information System Security Level Protection Record Certificate does not bear an expiry date because we are subject to annual review to renew such certificate.

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates necessary for our business operations in all material respects from the relevant government authorities in the PRC, and such licenses, permits, approvals and certificates remained in full effect.

AWARDS AND RECOGNITION

Since our inception and up to the Latest Practicable Date, we had received numerous awards and recognitions in connection with our business. Some of the significant awards and recognitions we received are set forth below.

Awarding Year	Award/Recognition	Awarding Organization
2023	Beijing Top 100 Private Businesses (2023年北京民營企業100強)	Beijing Municipal Federation of Industry and Commerce
2023	Top 10 Fintech Innovation (金融科技創新十佳案例)	New Finance Alliance
2023	First in user satisfaction for invoice digitalization services (電子發票服務用戶滿意度第一)	CCW Research
2023	New-Generation Information Technology Innovation Enterprise for 2022-2023 (2022-2023年新一代信息技術創新公司)	CCID Consulting Co., Ltd.

Awarding Year	Award/Recognition	Awarding Organization
2022	Financial and Tax Innovation Product of the Year (年度財稅創新產品)	2022 China Digital Transformation and Innovation Awards
2021	Innovation Enterprise Award for Digital Transformation of 2021 (2021數字化轉型創新企業獎)	*Internet Weekly* of Chinese Academy of Sciences, Chinese Academy of Social Sciences
2020	Top 500 New Economy Businesses of China (中國新經濟企業500強)	China Enterprise Evaluation Association
2020	Frontier Enterprise of Science and Technology Innovation of 2020 (2020科技創新前沿企業)	*People's Daily Online*

LEGAL PROCEEDINGS AND COMPLIANCE

From time to time, we may become involved in legal proceedings in the ordinary course of our business. As of the Latest Practicable Date, we were involved in two pending litigations that had a claim amount of over RMB1.0 million. One of the pending litigations related to the appeal of a patent infringement case, in which the plaintiff alleged that we violated its invention patent and sought damage of over RMB7 million. In September 2022, the Beijing Intellectual Property Court dismissed the plaintiff's complaint in favor of us. The disputed patent does not relate to any of our core products or projects during the Track Record Period, and the related technology is only applied in our complimentary applications. We do not foresee any material impact on our operations or financial position in the event that we are required to cease the usage of such patent, because (1) as advised by the PRC Legal Advisor, we will still be able to continue the operation of our complimentary applications once the allegedly infringing elements and features are removed; (2) the complimentary applications had not generated any revenue during the Track Record Period and we do not expect them to generate revenue in the future; and (3) we have alternative complimentary applications for the expansion of our non-paying user base. In October 2022, the plaintiff appealed to the Supreme People's Court, which had not issued a judgment as of the Latest Practicable Date. The other pending litigation relates to the appeal of an employment contract dispute, in which the plaintiff claimed unlawful termination of employment contract and sought damage of a total of RMB1.7 million. In January 2024, People's Court of Haidian District, Beijing ruled that a total of RMB0.7 million of wages and compensation be payable by us to the plaintiff and dismissed all other claims of the plaintiff. The plaintiff appealed to the First Intermediate People's Court of Beijing. During the Track Record Period and up to the Latest Practicable Date, neither we nor any of the Directors had been involved in any actual or pending legal, arbitration or administrative proceedings, including any bankruptcy or receivership proceedings, that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation.

We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and as of the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, and we did not experience any systemic non-compliance incident. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable laws and regulations in all material respects.

ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE POLICY

We recognize the significance of integrating ESG considerations into our business practices and operations. This policy reflects our commitment to environmental stewardship, social responsibility, and strong corporate governance, aligning with the evolving expectations of our stakeholders.

Governance Structure

The Board sets our strategic direction, ensuring alignment between its ESG strategy, values, and core businesses. The ESG strategy is developed through evaluating, prioritizing, and managing these issues and risks. The Board will adopt the following approach to manage material ESG issues:

- **Identify**—The Board will engage internal and external stakeholders (including, but not limited to, shareholders/investors, the management and employees, customers, business partners, suppliers, regulatory authorities, and community/non-governmental organizations) to identify material ESG issues and risks inherent in our business operations. The Board believes that open dialogue with stakeholders plays a crucial role in maintaining our business sustainability.

- **Strategic Planning**—The Board will set up risk management and internal control systems, which are designed to meet our business needs and minimize its risk exposure.

- **Assess**—Apart from assessing the performance of our ESG measures through discussion with our stakeholders, the Board will engage an independent third party to identify and assess our performance in respect of environmental protection and climate change.

- **Review**—The Board will review the metrics and progress made against ESG-related goals annually to guide us to achieve better ESG performance. Through our ESG policy, a set of systematic risk management practices has been put in place to ensure financial and operational functions, compliance control systems, material control, asset management and risk management all operate effectively.

To enhance implementation, the Board has formed an ESG Committee (the "Committee") dedicated to ESG issues. Our executive Director and chief executive officer, Mr. Yang Zhengdao was appointed as the Chairperson of the Committee, who oversees the whole organization to ensure effective oversight and management of ESG issues within the organization. Our company secretary, Mr. Jiao Yang was appointed as the vice chairperson of the Committee to bridge the work of the Board and the management team. The members of the Committee comprise representatives from various departments, including procurement, marketing, social responsibilities, employee benefit and corporate governance to ensure a comprehensive representation of all aspects of our Group. The Committee reports to the Board annually through meetings.

Our independent non-executive Director, Mr. Ng Kwok Yin will conduct a thorough analysis of potential risks that could impact the Group's operations and management. This analysis considers three key dimensions: environmental protection, social responsibility, and corporate governance. Once these risks are identified, we assess their significance in relation to their potential impact on sustainable operations and social values. The risks are then categorized based on their level of impact, with the highest impact risks being prioritized.

Climate-Related Risks and Opportunities

As an enterprise digitalization solution provider, we face climate-related risks, including extreme weather events, rising sea levels, and disruptions to telecommunications infrastructure and power supply. Additionally, transitioning to sustainable practices brings regulatory and customer-driven pressures. However, these risks also present opportunities for us to address climate concerns, enhance resilience, and adapt to sustainable technologies. The climate risks and opportunities identified by us are discussed below.

Physical Risks

As an enterprise digitalization solution provider, we face vulnerability to climate-related physical risks, including increased severity of extreme weather events like cyclones and floods, increased variability in weather patterns, and rising sea levels. While we rely on third-party telecommunications network providers for transmission bandwidth and do not own or operate data centers, disruptions in telecommunications infrastructure and power outages can still pose risks to our business operations.

- **Disruptions in telecommunications infrastructure**—Extreme weather events such as hurricanes, storms, or floods, can damage or disrupt the telecommunications infrastructure, leading to service outages and interruptions in data transmission.

- **Power Outages**—Extreme weather events can cause widespread power outages, affecting the availability and reliability of the telecommunications network and our provision of services.

Transition Risks

In terms of transition risks, the global focus on climate change and sustainability brings forth new regulations and policies that impact telecommunications providers and our operations. As climate awareness and sustainability concerns grow, customers prioritize working with environmentally responsible companies. Neglecting climate risks and sustainability practices can result in reputational damage and customer loss. Transitioning to sustainable technologies and practices, such as adopting renewable energy and energy-efficient solutions, may be necessary to mitigate climate risks.

- **Policy and legal changes—**Regulatory or policy changes can influence the availability of services and operating costs for both telecommunications providers and us, thereby affecting our capacity to meet customer demands.

- **Market—**Cost of energy can become more volatile as the demand for energy increases, leading to potential price increases that could impact the operating costs of server farms and data centers, and ultimately the prices charged by server custody and/or cloud computing services provided to us.

- **Reputation**—Given the increasing customer consciousness regarding climate and sustainability concerns, neglecting climate risks and insufficient sustainability practices can lead to reputational damage and the loss of customers.

- **Technology—**Adoption of sustainable technologies and practices is crucial for achieving a low-carbon transition. However, implementing and transitioning to these sustainable measures may entail substantial costs and potential disruptions to business models or structures during the implementation phase.

Mitigation of Physical and Transition Risks

To mitigate physical risks, we collaborate with multiple telecommunications providers, reducing the likelihood of service disruptions resulting from extreme weather events. We have established emergency procedures for disaster recovery and implemented backup systems for seamless data transmission, ensuring uninterrupted business operations even in the face of telecommunications infrastructure disruptions. These emergency procedures effectively minimize downtime and facilitate the swift restoration of services during power outages or infrastructure disturbances. We also prioritize energy efficiency when selecting service vendors that have implemented sustainable practices and committed to reducing their carbon footprint.

To ensure compliance with evolving regulations and policies related to climate change and sustainability, we stay abreast of the related new regulations and policies. The legal department and [**REDACTED**] coordination office are responsible for ensuring that we stay up to date with the latest regulations and policies. We actively conduct research and explore sustainable technologies and practices to minimize our carbon footprint. Close collaboration with customers, telecommunications providers, and industry organizations allows us to collectively address climate risks and develop sustainable solutions that align with customer demands and regulatory requirements. By allocating resources to address climate concerns and demonstrate environmental responsibility, we aim to ensure compliance, preserve our positive reputation, and retain customer loyalty.

Opportunities

In addition to developing mitigation measures for the identified climate risks, we have actively explored opportunities arising from climate change to strengthen our resilience and adapt to the transition towards a low-carbon economy. Furthermore, we have enhanced our collaboration with telecommunication providers to establish emergency procedures and reduce carbon emissions related to data storage and processing.

Environmental Policy

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fine, claim or administrative penalties arising from non-compliance with applicable environmental laws and regulations. We have adopted the following environmental policies to promote our substantially development:

Resources Management

- Strive to continuously improve our resource management, by responsibly manage and utilize energy and water resources for the benefit of the business and society; and

- Implement effective energy and water management measures.

Energy Efficiency and Emissions Management

- Reduce energy consumption so as to reduce carbon footprint;

- Encourage the adoption of energy-efficient machinery, system and equipment in the procurement process;

- Avoid unnecessary vehicle use and encourage its employees to use public transport; and

- Turn off the unnecessary electrical equipment and lights.

Waste Management

- Handle waste in accordance with national and local laws and regulations;
- Minimize the generation of all kinds of waste where applicable; and
- Reuse and recycle as much as possible.

Significant Impacts on the Environment and Natural Resources

Due to our business nature as a technology-based company, we have not had significant impacts on the environment. However, our operations consume mainly electricity and emit greenhouse gas emissions. We keep track of our electricity consumption and greenhouse gas emissions to actively review and explore areas for improvements. We also promote a culture of environmental responsibility among our employees, encouraging them to actively participate in safeguarding the environment. Although we have not generated a significant amount of waste from our operations, we have the environmental policy for waste management to avoid generation of all kinds of waste where applicable.

Environmental Metrics and Targets

Greenhouse Gas Emissions

The following table shows our greenhouse gas emissions for the three years ended December 31, 2022.

Scope of Greenhouse gas emissions	Emission Sources	Unit	2020	2021	2022
Scope 1 emission[1]	Combustion of petrol for vehicle[2]	tCO_2e	18.87	13.64	13.54
Scope 2 emission[3]	Purchased electricity	tCO_2e	137.37	142.71	149.68
Total[4]		tCO_2e	156.24	156.35	163.22
Intensity		tCO_2e/million RMB revenue	0.54	0.34	0.31

1 As pursuant to Appendix 2 of "How to Prepare an ESG Report" set out by Hong Kong Exchanges and Clearing Limited, Scope 1 greenhouse gas emissions refer to direct emissions from equipment and operations that are owned or controlled by us including petrol used by our vehicles.

2 The gasoline consumption in the three years ended December 31, 2022 were estimated based on the annual cost spent on fueling the vehicle, using the averaged highest retail gasoline prices provided by the Beijing Municipal Commission of Development and Reform of the PRC from 2020 to 2022.

3 As pursuant to Appendix 2 of "How to Prepare an ESG Report" set out by Hong Kong Exchanges and Clearing Limited, Scope 2 greenhouse gas emissions refer to energy indirect emissions resulting from the generation of purchased or acquired electricity, heating, cooling, and steam consumed within our Group.

4 We rely on third-party cloud storage and external bandwidth to operate our business. The primary Scope 3 emissions of our Group stem from the energy consumption of the data centers provided by our telecommunications suppliers. Our main telecommunications supplier has accounted for indirect greenhouse gas emissions from energy consumption of its data centers. Therefore, we have not calculated the associated emissions to avoid double counting.

Resources Consumption

We mainly consumed electricity and petrol for a rented car used for business purposes during the three years ended December 31, 2022. The following table shows our total consumption of electricity for the three years ended December 31, 2022.

	Unit	2020	2021	2022
Gasoline Consumption for Vehicle[1]	Liter	7,069.35	5,110.01	5,072.01
Gasoline Consumption Intensity	Liter/million RMB revenue	24.28	11.26	9.65
Electricity Consumption	kWh	236,435	245,620	257,628
Electricity Consumption Intensity	kWh/million RMB revenue	812.21	541.25	489.97

1 The gasoline consumption in the three years ended December 31, 2022 were estimated based on the annual cost spent on fueling the vehicle, using the averaged highest retail gasoline prices provided by the Beijing Municipal Commission of Development and Reform of the PRC from 2020 to 2022.

Environmental Targets and Plans to Achieve Targets

We acknowledge the significance of safeguarding the environment and fostering sustainability. With a focus on environmental responsibility and minimizing our environmental footprint, we have established environmental targets that align with our overall business strategy and objectives. These targets undergo regular review and updates to ensure ongoing enhancements in our sustainability practices. Through the establishment of these targets, we aim to demonstrate our dedication to environmental protection by proactively adopting measures to mitigate our environmental impact.

Category	Targets for the next 10 years	Plans to achieve targets
GHG emissions	Reduce total greenhouse gas emission (Scope 1 and Scope 2) intensity by 10% within 10 years, with the year ended December 31, 2022 as the base year.	• Actively improve energy efficiency to reduce GHG emissions from gasoline and purchased electricity consumption; • Actively conduct research and explore sustainable technologies and practices to minimize our carbon footprint; and • Closely collaborate with customers, telecommunications providers and industry organizations to develop sustainable solutions.

Category	Targets for the next 10 years	Plans to achieve targets
Energy efficiency	Reduce total purchased electricity consumption intensity by 10% within 10 years, with the year ended December 31, 2022 as the base year.	• Purchase energy-efficient equipment, electronic appliances and devices throughout the whole Group; • Continuously monitor the energy consumption of our offices; and • Train and educate employees to turn off unnecessary and idling equipment, electronic appliances, and devices.

Social Responsivity Policy

Human Resources

We have adopted policies on compensation and dismissal, equal opportunities, diversity, anti-discrimination, training and development and other benefits and welfare which include:

- Ensuring employees receive fair and compensation based on factors such as job responsibilities, skills and market rates;
- Ensuring clear procedures and guidelines for recruitment, handling terminations and dismissals;
- Establishing an employee performance appraisal management system for evaluation of the performance of our employees;
- Committed to providing equal opportunities for all individuals regardless of their race, nationality, religion, physical condition, disability, gender, pregnancy, sexual orientation, political status, age or any other discrimination prohibited by applicable laws and regulations;
- Prohibiting discrimination, harassment, and retaliation in all aspects of employment;
- Promoting diversity and inclusion in the workplace to foster an inclusive culture;
- Providing training programs to raise awareness about discrimination, promote inclusiveness, and prevent discriminatory behaviors;
- Providing a comprehensive benefits package to employees to ensure its competitiveness in attracting high-caliber talent;

- Ensuring a safe and healthy workplace and provide necessary resources for employee well-being; and

- Providing an appropriate channel and a feedback mechanism for employees to raise internal grievances or complaints.

Our employee handbook effectively communicates our human resources management system, salary management system, reward and punishment system, and code of conduct to our employees.

Occupational Health and Safety

We strive to provide and maintain a safe and healthy working environment whilst complying with all applicable laws and regulations. These include, but not limited to the following:

- Law of the PRC on the Prevention and Treatment of Occupational Diseases

- Work Safety Law of the PRC

In addition to compliance with laws and regulations, we have implemented occupational health and safety guidelines in which our employees are required to strictly comply. Our occupational health and safety policy is shown below:

- Ensure establishment of an occupational health and safety management system that complies with applicable laws and regulations;

- Ensure establishment of a system of recording and handling accidents;

- Maintain a health and work safety compliance record;

- Provide a safe and healthy workplace and work systems for all employees; and

- Provide adequate resources for implementing the health and safety plan, employee training and supervision.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material accidents involving personal injury or property damage, and we were not subject to any material claims, lawsuits, penalties or disciplinary actions as a result of any material accidents.

No child labor, forced, or compulsory labor was reported and/or identified within any of our workplace during the Track Record Period and up to the Latest Practicable Date. If any incidents of non-compliance are discovered within our operation sites, we shall immediately suspend employment and carry out internal investigation.

Product Responsibility

We are committed to ensuring the quality of its offered products and services, and we have complied with all applicable laws and regulations regarding product responsibility.

In addition to compliance with laws and regulations, we have adopted measures as follows:

- Deliver services that meet industrial standards and fulfill clients' expectations;
- Provide clear and accurate information to clients regarding services, terms, and pricing;
- Safeguard consumer data privacy complying with relevant laws and regulations;
- Establish a comprehensive system to detect and prevent data breaches, cyber threats and other system vulnerabilities;
- Implement robust security measures to protect user data from unauthorized access, disclosure and alteration;
- Secure data back-up systems and disaster recovery plans to minimize the risk of user data loss or leakage;
- Develop incident response plans and report cybersecurity incidents to relevant authorities, and take appropriate measures to mitigate risk;
- Continuously perform R&D to deliver solutions that effectively address customers' management and compliance requirement; and
- Establish mechanisms to address complaints and provide timely resolutions to maintain good customer relations.

Supply Chain Management

We regularly assess the pricing, product quality standards, business condition, and environmental and social corporate responsibility of new suppliers to ensure their product and service quality. Suppliers are chosen based on their reputation, size, and strong governance, along with relevant licenses and registrations, to ensure a focus on good ESG performance and high-quality products. Priority is given to green procurement during supplier selection.

During the Track Record Period and up to the Latest Practicable Date, we engaged our main telecommunications network provider, which is at the forefront of their dedication to decarbonization. It focuses its work on pioneering green and low-carbon cloud computing. We will monitor the environmental and social performance of all existing suppliers continuously in order to ensure the quality of suppliers and their compliance with all environmental and social related laws and regulations.

Anti-Corruption

We believe knowledge and compliance with laws and regulations as the foundation of its business. We require that all employees conform to the Law Against Unfair Competition of the PRC, Criminal Law of the PRC, and other laws, regulations, and regulatory documents related to commercial bribery.

While we have internal controls and procedures in place to comply with anti-bribery and anti-corruption laws, we cannot guarantee their effectiveness in preventing violations by our employees or partners. If our employees or third-party business partners are found or alleged to have violated anti-bribery or anti-corruption laws and regulations, we may face or be involved in fines, lawsuits and damage to our reputation, which could have a material adverse effect on our business, financial condition and results of operations.

In particular, we have in place a set of comprehensive Anti-corruption Policy to promote and support the compliance with applicable anti-corruption laws and regulations, providing guidance on anti-corruption and anti-bribery practices, the whistleblowing channel, as well as the responsibilities for implementing the policies. All our employees are required to understand and comply with the Anti-corruption Policy, and we from time to time provide anti-corruption training programs to our employees.

During the Track Record Period and up to the Latest Practicable Date, we had not aided, abetted, assisted, or colluded with an individual who has committed, or conspired to commit any unlawful activities. No non-compliance with relevant laws and regulations that have a significant impact on us relating to corruption, bribery, fraud and money laundering had been identified during the Track Record Period and up to the Latest Practicable Date.

OCCUPATIONAL HEALTH AND SAFETY

We are subject to the PRC laws and regulations in respect of employee health and safety. We have in place safety guidelines with which our employees are required to strictly comply. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material accidents involving personal injury or property damage, and we were not subject to any material claims, lawsuits, penalties or disciplinary actions as a result of any material accidents.

INTERNAL CONTROL AND RISK MANAGEMENT

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations. Our internal review department is responsible for supervising and reviewing our internal control system.

Financial Reporting Risk Management

We have adopted comprehensive accounting policies in connection with our financial reporting risk management, such as financial management, budget management and financial statement preparation, review and disclosure. Our finance department has been continually tracking changes and evolutions in relevant laws and regulations, and evaluating the compliance status of our accounting policies and management. We have procedures in place to carry out such accounting policies, and our finance department reviews our management accounts in accordance with such procedures. In addition, we provide ongoing training to our finance staff to ensure that these policies are well-observed and effectively implemented.

Information System Risk Management

Sufficient maintenance, storage and protection of our data and other related information are critical to our success. We have implemented relevant internal procedures and controls to ensure that our data is protected and that leakage and loss of such data are avoided.

We have implemented comprehensive internal policies on protecting data privacy and security, and we have established a working group that is responsible for formulating data and information security strategies, and decision-making in material data and information incidents. We implement a robust internal authentication and authorization system to ensure that our confidential and important data can only be accessed for authorized use and by authorized personnel. We have clear and strict authorization and authentication procedures and policies in place. Our employees only have access to data which is directly relevant and necessary for their responsibilities and for limited purposes and are required to verify authorization upon every access attempt.

We have established an all-round information system in reference to data security requirements, national standards and industry best practices and intend to continually invest heavily in data security and privacy protection. Our information system applies multiple layers of safeguards, including both internal and external firewalls, to identify and protect us against security attacks. We have completed various information security, privacy and compliance certifications/validations, proving the security and reliability of our data protection technologies.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of our data. See "—Data Privacy and Security" for more information about our information security procedures and policies.

Compliance and Intellectual Property Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations, as well as the protection of our intellectual property rights. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties or us to perform contractual obligations and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements. There was no material and systemic non-compliance during the Track Record Period and as of the Latest Practicable Date.

We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operations, and conduct regular reviews to monitor the status and effectiveness of those licenses and approvals. Our legal department is also responsible for obtaining any requisite governmental pre-approvals or consent, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines. Our human resources and administrative department, as well as some other departments, ensures all necessary application, renewals or filings for trademark, copyright and patent registration have been timely made to the competent authorities.

Human Resources Risk Management

We have established internal control and risk management policies covering various aspects of human resource management such as recruitment, training, work ethics and legal compliance. We maintain high standards in recruitment with strict procedures to ensure the quality of new hires, provide specialized training tailored to the needs of our employees in different departments and conduct periodic performance reviews for our employees.

In particular, we have in place a set of comprehensive anti-corruption and anti-bribery policies within our company (the "Anti-corruption Policy") to promote and support the compliance with applicable anti-corruption laws and regulations, providing guidance on anti-corruption and anti-bribery practices, the whistleblowing channel, as well as the responsibilities for implementing the policies. All of our employees are required to understand and comply with the Anti-corruption Policy, and we from time to time provide anti-corruption trainings to our employees.

Investment Risk Management

Our project execution team organized by our general manager is responsible for investment project sourcing, screening, execution and portfolio management. Our project execution team sources investment projects in accordance with our investment strategy, and our finance and legal departments, as well as certain other departments, conduct thorough pre-investment due diligence to assess the risks, business synergies and potential return of the investment projects.

OVERVIEW

As of the Latest Practicable Date, Ms. Chen controlled 43.22% of the voting power at the general meetings of our Company, comprising (1) 27.10% beneficially owned by her directly, (2) 9.23% beneficially owned by Ningbo Xiu'an, which is controlled by Ms. Chen as its general partner, and (3) 6.89% beneficially owned by Tianjin Duoying, which is controlled by Ms. Chen as its general partner. Upon the [**REDACTED**], Ms. Chen will control [**REDACTED**]% of the voting power at the general meetings of our Company, comprising (i) [**REDACTED**]% beneficially owned by her directly, (ii) [**REDACTED**]% beneficially owned by Ningbo Xiu'an, and (iii) [**REDACTED**]% beneficially owned by Tianjin Duoying, assuming the [**REDACTED**] is not exercised. Therefore, Ms. Chen, Ningbo Xiu'an and Tianjin Duoying were our Controlling Shareholders as of the Latest Practicable Date and will continue to be our Controlling Shareholders upon the [**REDACTED**].

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Our Controlling Shareholders have confirmed that as of the Latest Practicable Date, none of them or any of their respective close associates had any interest in a business that competes or is likely to compete, either directly or indirectly, with our business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Management Independence

Our business is primarily managed and conducted by our Board and senior management. Upon the completion of the [**REDACTED**], our Board will comprise of four executive Directors, two non-executive Directors and four independent non-executive Directors. Our Company has also established the Board of Supervisors, comprising three Supervisors. See "Directors, Supervisors and Senior Management" for more information.

Our Directors believe that our Board and senior management is able to manage our business and function independently from our Controlling Shareholders based on the following reasons:

(1) each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(2) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

(3) we have four independent non-executive Directors, who have extensive experience in different areas and have been appointed to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions. Certain matters of our Company must always be referred to the independent non-executive Directors for review in accordance with the Listing Rules, the applicable laws and our Articles of Associations and internal policies;

(4) our daily management and operations are carried out by a senior management team. Except Ms. Chen herself, our senior management team members are independent from our Controlling Shareholders, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of our Group;

(5) we have established a Board of Supervisors comprising three Supervisors who are independent from our Controlling Shareholders. Our Supervisors shall be responsible for the supervision of performance of our Directors and the senior management team, including monitoring any acts of a Director or senior management member which may be detrimental to the interests of our Company; and

(6) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See "—Corporate Governance."

Operational Independence

Independent Operations

We have established our own organizational structure comprised of individual departments, each with specific areas of responsibilities. We have also established various internal controls procedures to facilitate the effective operation of our business. Our Group is not operationally dependent on our Controlling Shareholders. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licenses and owns all relevant intellectual property and R&D facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and suppliers.

Related Party Transactions and Connected Transactions

Apart from the interest in our Group, as of the Latest Practicable Date, Ms. Chen also served as a non-executive director at Guomai Xin'an Technology Co., Ltd. (北京國脈信安科技有限公司) ("Guomai Xin'an") and indirectly held equity interest in Guomai Xin'an as to 33.42%. During the Track Record Period, Guomai Xin'an entered into certain related party transactions with our Group.

Guomai Xin'an has provided us with the information security solutions, consisting of electronic signature software and relevant hardware devices (including cryptographs and servers), relying on its self-developed encryption-centered application technology, since 2020. For the years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023, the amount of our procurement of information security solutions from Guomai Xin'an was RMB1.06 million, RMB0.82 million, RMB0.07 million and RMB0.02 million, respectively. In addition, leveraging its local operation team, Guomai Xin'an also assisted us in Heilongjiang in coordination with the local tax authorities and the local transaction documents processing to comply with the tax authorities' administrative requirements for our contingent workforce management business. The local transaction documents processing services primarily consist of the application for and printing and delivery of paper invoices. For the years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023, the amount of the service fee paid by our Group for Guomai Xin'an's services of local tax authorities coordination and transaction documents processing was RMB1.10 million, RMB2.20 million, RMB2.81 million and RMB5.06 million, respectively. In 2022, Guomai Xin'an also assisted us in providing local technical supports to a few clients and such local technical supports were all one-off transactions completed by the end of 2022. The aggregate amount of the service fee paid by our Group for such local technical supports in 2022 was RMB1.40 million.

Our related party transactions with Guomai Xin'an were entered into on normal commercial terms and in the ordinary and usual course of business of our Group. See "Financial Information—Related Party Transactions" and Note 42 to the Accountants' Report in Appendix I to this document for details. After the [**REDACTED**], it is expected that Guomai Xin'an will no longer provide our Group with the local supporting services (including local tax authorities coordination, transaction documents processing and technical supports) and our future procurements of information security solutions from Guomai Xin'an from time to time will be de minimis connected transactions under Rule 14A.76 of the Listing Rules.

Based on the above, our Directors believe that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system. Our Group's accounting and finance functions are independent of our Controlling shareholders and their close associates. Our Group makes financial decisions according to our own business needs. Our Group's major finance operations are handled by our financial management department, which operates independently from our Controlling Shareholders and their close associates. We do not share any other functions or resources with any of our Controlling Shareholders or their close associates.

During the Track Record Period, we primarily financed our business operations through cash generated from our business activities and equity financing activities. As of the Latest Practicable Date, we did not have any outstanding borrowings or guarantees from our Controlling Shareholders or any of their respective close associates.

Based on the above our Directors believe that our Group is able to operate with financial independence from our Controlling Shareholders and their close associates.

CORPORATE GOVERNANCE

We have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from our Controlling Shareholders and safeguard the interest of our Shareholders, including:

(1) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(2) our Company has established internal control mechanism to identify connected transactions. After the [**REDACTED**], our Company will comply with the requirements in connection with connected transactions under the Listing Rules;

(3) where our Directors reasonably request the advice of independent professionals, such as independent financial advisors, the appointment of such independent professional will be made at our Company's expense;

(4) we have appointed Guotai Junan Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;

(5) we have established the audit committee, remuneration and appraisal committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code;

(6) our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company; and

(7) our Company will disclose decisions (with basis), if any, on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

We have entered into certain transactions with entities that will, upon the [**REDACTED**], become connected persons of our Company. The transactions disclosed in this section will continue after [**REDACTED**] and constitute our continuing connected transactions subject to reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Alibaba Cloud Services Framework Agreement

Principal Terms

On [●], 2024, Alibaba Cloud Computing Ltd. (阿里雲計算有限公司) ("Alibaba Cloud") and our Company entered into a cloud services framework agreement (the "Alibaba Cloud Services Framework Agreement"), pursuant to which, among others, we agreed to purchase cloud services from Alibaba Cloud.

The Alibaba Cloud Services Framework Agreement has an initial term from the [**REDACTED**] to December 31, 2026, subject to renewal upon the mutual consent of both parties.

Connected Person

Alibaba Cloud is a fellow subsidiary of Alibaba, our substantial Shareholder, and hence a connected person of our Company under Rule 14A.13(1) of the Listing Rules upon the [**REDACTED**]. As such, the transactions contemplated under the Alibaba Cloud Services Framework Agreement shall constitute connected transactions of our Company.

Reasons for the Transactions

Alibaba Cloud is a global leader in cloud computing and AI, providing services to its customers in more than 200 countries and regions. The cloud services offered by Alibaba Cloud has been used in our operations since 2016 and our long-time cooperation with Alibaba Cloud has proved that it can provide us with reliable and secure cloud computing and data processing capabilities as a part of its online solutions. Our Directors consider that it would be beneficial to continue using the cloud services provided by Alibaba Cloud to satisfy our increasing demand on cloud computing and data processing capabilities as a result of our business development.

Pricing Policies

The prices of transactions contemplated under the Alibaba Cloud Services Framework Agreement are based on the prices as set out in the price catalog as published by Alibaba Cloud from time to time, which sets out the specific service scope and the corresponding prices, applying discounts as agreed and set out in the business agreement. The prices offered by Alibaba Cloud are comparable to the prices offered by other third-party cloud services providers.

Historical Amount and Annual Cap

For the years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023, the transaction amount in respect of the purchase of the cloud services by us from Alibaba Cloud was RMB8.4 million, RMB8.4 million, RMB10.8 million and RMB13.4 million, respectively.

The proposed annual cap for the transactions contemplated under the Alibaba Cloud Services Framework Agreement for the years ended December 31, 2024, 2025 and 2026 is RMB19.8 million, RMB20.8 million and RMB21.8 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors: (1) the prices of cloud services as set out in the price catalog as published by Alibaba Cloud and the discount offered by Alibaba Cloud and agreed by the parties; (2) the historical transaction amounts; (3) the estimated increase in our demand for cloud services as a result of the expected increase in the subscriptions for our cloud-based services by small and micro-sized businesses customers, in light of the government's promotion of the e-invoice reform to replace paper invoices with e-invoices along with the implementation of the Golden Tax initiatives and our enhanced cooperations with our business collaborators including various leading platform operators such as Taobao (as defined below); and (4) the expected migration of certain data and systems to other cloud service providers with a view to diversifying sources of cloud services supply, which will partially offset the impacts from the estimated increase in our demand for cloud services.

Listing Rules Implications

The transactions contemplated under the Alibaba Cloud Services Framework Agreement are conducted in the ordinary and usual course of business on normal commercial terms or better and our Directors expect that the highest applicable percentage ratio (other than the profit ratio) under Chapter 14A of the Listing Rules in respect of such transactions will be more than 0.1% but less than 5%. As such, upon the [**REDACTED**], and in absence of the grant of a waiver by the Stock Exchange, these transactions are subject to reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Taobao Cooperation Framework Agreement

Principal Terms

On [●], 2024, Taobao and our Company entered into a cooperation framework agreement (the "Taobao Cooperation Framework Agreement"), pursuant to which, among others, Taobao agreed to grant us an access to its online invoice platform under the brand name of "Ali Invoice Platform" and have us serve as a tax service provider on the platform, through which we are able to provide financial and tax digitalization services to the e-merchants on the e-commerce marketplaces operated by Taobao ("Taobao Merchants") which subscribe and pay for our services, and in return we agreed to pay Taobao for a platform service fee.

The Taobao Cooperation Framework Agreement has an initial term from the [**REDACTED**] to December 31, 2026, subject to renewal upon the mutual consent of both parties.

Connected Persons

Taobao China is the controlling shareholder of Alibaba, our substantial Shareholder, and Zhejiang Taobao is a fellow subsidiary of Alibaba, and hence Taobao are connected persons of our Company under Rule 14A.13(1) of the Listing Rules upon the [**REDACTED**]. As such, the provisions of platform services by Taobao contemplated under the Taobao Cooperation Framework Agreement shall constitute connected transactions of our Company.

Reasons for the Transactions

Taobao are the operators of Taobao platform, China's largest digital retail platform, in terms of GMV for the twelve months ended March 31, 2022, and Tmall platform, the largest third-party online and mobile commerce platform for brands and retailers in the world in terms of GMV for the twelve months ended March 31, 2022, according to Analysys. Through our cooperations with Taobao, we are able to reach a large number of Taobao Merchants and provide them with our financial and tax digitalization services, which has expanded and will continue to expand our customer base, in light of the leading market position of Taobao in the e-commerce business.

Pricing Polices

Taobao charge us a standard fixed rate of the total subscription fee received from the merchants as the platform service fee, which is determined based on arm's length negotiations and comparable to the pricing policies under our similar cooperations with other business collaborators.

Historical Amount and Annual Cap

For the years ended December 2020, 2021, 2022 and the nine months ended September 30, 2023, the platform service fee charged by Taobao on us was RMB1.3 million, RMB3.9 million, RMB4.4 million and RMB3.2 million, respectively.

For the years ended December 2024, 2025 and 2026, the proposed annual cap for the platform service fee charged by Taobao on us is RMB5.6 million, RMB6.6 million and RMB7.2 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors: (1) the current fixed rate for calculating the platform service fee; (2) the historical transaction amounts and the growth trend for the three years ended December 31, 2022; and (3) the estimated increase in demand for our cloud financial and tax digitalization services by Taobao Merchants, in light of the government's promotion of the e-invoice reform to replace paper invoices with e-invoices along with the implementation of the Golden Tax initiatives.

Listing Rules Implications

The provisions of platform services by Taobao contemplated under the Taobao Cooperation Framework Agreement are conducted in the ordinary and usual course of business on normal commercial terms or better and our Directors expect that the highest applicable percentage ratio (other than the profit ratio) under Chapter 14A of the Listing Rules in respect of such transactions will be more than 0.1% but less than 5%. As such, upon the [**REDACTED**], and in absence of the grant of a waiver by the Stock Exchange, these transactions are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

The transactions described under "—Non-exempt continuing connected transactions" in this section above constitute our continuing connected transactions under the Listing Rules which are subject to the reporting, annual review and announcement requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "—Non-exempt continuing connected transactions" in this section above, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

DIRECTORS' VIEW

Our Directors (including the independent non-executive Directors) are of the view that (1) the non-exempt continuing connected transactions described above in this section have been entered into and will be carried out in the ordinary and usual course of business of our Group, on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (2) the proposed annual caps for the non-exempt continuing connected transactions disclosed above are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

SOLE SPONSOR'S VIEW

Based on the documents and information provided by the Company and due diligence conducted, the Sole Sponsor is of the view that (i) the non-exempt continuing connected transactions described above in this section have been entered into and will be carried out in the ordinary and usual course of business of our Group, on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps for the non-exempt continuing connected transactions disclosed above are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

OVERVIEW

Upon the [**REDACTED**], our Board will consist of ten Directors, among which, four will be executive Directors, two will be non-executive Directors and four will be independent non-executive Directors. Our Board is responsible, and has general authority for, the management and operation of our Group. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

Our Board of Supervisors consists of three Supervisors, including one shareholder representative Supervisor and two employee representative Supervisors. Supervisors serve for a term of three years and shall be subject to re-election upon expiry of the term of office.

Our senior management is responsible for the day-to-day operations of our Company.

All of our Directors, Supervisors and senior management have met the qualification requirements under the relevant PRC laws and regulations and the Listing Rules for their respective positions.

BOARD OF DIRECTORS

The following table sets forth general information regarding the members of our Board:

Name	Age	Position	Date of first appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Directors, Supervisors and/or Senior management
Executive Directors						
Ms. Chen Jie (陳杰)	49	Chairlady of our Board, general manager and executive Director	May 4, 2015	May 4, 2015	Responsible for the overall strategic planning, business direction and management of our Group	None
Mr. Yang Zhengdao (楊正道)	46	Executive Director and chief executive officer	October 6, 2017	May 26, 2017	Responsible for the overall strategic planing and execution of our Group	None

Name	Age	Position	Date of first appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Directors, Supervisors and/or Senior management
Mr. Zou Yan (鄒岩)	41	Executive Director and chief marketing officer	April 3, 2016	July 26, 2015	Responsible for the overall sales management of our Group	None
Ms. Jin Xin (金鑫)	39	Executive Director and chief operating officer	May 8, 2021	November 19, 2018	Responsible for the overall operational management of our Group	None
Non-executive Directors						
Mr. Huang Miao (黃淼)	53	Non-executive Director	August 1, 2018	August 1, 2018	Responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group	None
Mr. Diao Juanhuan (刁雋桓)	52	Non-executive Director	November 13, 2019	November 13, 2019	Responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group	None
Independent Non-executive Directors						
Mr. Tian Lixin (田立新)	49	Independent Non-executive Directors	May 8, 2021	May 8, 2021	Responsible for providing independent advice on the operations and management of our Group	None

Name	Age	Position	Date of first appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Directors, Supervisors and/or Senior management
Dr. Wu Changhai (武長海)	51	Independent Non-executive Director	May 8, 2021	May 8, 2021	Responsible for providing independent advice on the operations and management of our Group	None
Dr. Song Hua (宋華)	55	Independent Non-executive Director	May 8, 2021	May 8, 2021	Responsible for providing independent advice on the operations and management of our Group	None
Mr. Ng Kwok Yin (吳國賢)	48	Independent Non-executive Director	December 25, 2021	December 25, 2021	Responsible for providing independent advice on the operations and management of our Group	None

Executive Directors

Ms. Chen Jie (陳杰), aged 49, is our founder and was appointed as an executive Director, general manager and chairlady of our Board in May 2015. Ms. Chen is primarily responsible for the overall strategic planning, business direction and management of our Group. Ms. Chen also serves as director of our certain subsidiaries, including the executive director of Beijing Baiwang Jinkong Technology Co., Ltd. (北京百望金控科技有限公司).

Ms. Chen has more than 23 years of experience in IT industry. Prior to founding our Company, from July 2012 to March 2014, Ms. Chen worked at Beijing Watertek Information Technology Co., Ltd. (北京旋極信息技術股份有限公司), an embedded operating system solution provider whose shares are listed on the Shenzhen Stock Exchange (stock code: 300324), where she was primarily responsible for the daily management of information security business of the company. From April 2000 to May 2012, she successively worked at Beijing Watch Intelligent Technology Co., Ltd. (北京握奇智能科技有限公司) and Beijing Watchdata Co., Ltd. (北京握奇數據股份有限公司) (formerly known as Beijing Watchdata System Co., Ltd. (北京握奇數據系統有限公司)), a data security solution provider.

Ms. Chen obtained a master's degree in strategy management from Beihang University (北京航空航天大學) in the PRC in June 2010 and an executive master of business administration degree from Cheung Kong Graduate School of Business (長江商學院) in the PRC in July 2018. Ms. Chen obtained an executive master of business administration degree from Tsinghua University (清華大學) in the PRC in January 2023.

Ms. Chen is a member of the 14th Beijing Municipal Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議第十四屆北京市委員會委員) and a member of the standing committee of Beijing Municipal Federation of Industry and Commerce (北京市工商業聯合會常務委員).

Ms. Chen was awarded Beijing Model Worker (北京市勞動模範) by the People's Government of Beijing Municipality (北京市人民政府) in April 2010 and Zhongguancun High-end Leading Talent (中關村高端領軍人才) jointly by Beijing Municipal Science and Technology Commission (北京市科學技術委員會) and Administrative Commission of Zhongguancun Science Park (中關村科技園管理委員會) in April 2019. Ms. Chen was also ranked among China's Top 25 Promising Businesswomen by *Forbes China* in February 2018.

Mr. Yang Zhengdao (楊正道), aged 46, joined our Group in May 2017 and was appointed as an executive Director in October 2017 and the chief executive officer in August 2022. Mr. Yang is primarily responsible for the overall strategic planing and execution of our Group. Mr. Yang also serves as director at certain of our subsidiaries.

Mr. Yang has more than 21 years of experience in IT industry. Prior to joining us, he served in numerous positions at Microsoft Singapore Pte. Ltd., a subsidiary of Microsoft Corporation whose shares are listed on Nasdaq (ticker: MSFT) from May 2014, including as the chief big data architect. Prior to that, from April 2012, Mr. Yang worked as an associate director in the Advisory Practice Consulting (Technology Group) successively at PricewaterhouseCoopers Consultants (Shenzhen) Limited Company, Beijing Branch (普華永道諮詢(深圳)有限公司北京分公司) and PricewaterhouseCoopers Management Consulting (Shanghai) Limited, Beijing Branch (普華永道管理諮詢(上海)有限公司北京分公司). Prior to that, from November 2007 to July 2012, he successively served as a practice manager and a managing principal consultant at Oracle (China) Software System Co., Ltd. (甲骨文(中國)軟件系統有限公司), a subsidiary of Oracle Corporation whose shares are listed on the New York Stock Exchange (ticker: ORCL). From July 2002 to December 2006, he served as a delivery manager at Teradata (China) Co., Ltd., a subsidiary of Teradata Corporation whose shares are listed on the New York Stock Exchange (stock code: TDC).

Mr. Yang obtained a bachelor's degree in information science from Peking University (北京大學) in the PRC in July 2000. He further obtained a master's degree in computer software and theory from University of Chinese Academy of Sciences (中國科學院大學) in the PRC in July 2002.

Mr. Zou Yan (鄒岩), aged 41, joined our Group in July 2015 and was appointed as an executive Director in April 2016 and the chief marketing officer in October 2022. Mr. Zou is primarily responsible for the overall sales management of our Group. Mr. Zou also currently serves as the director and manager at our certain subsidiaries.

Mr. Zou has more than 10 years of experiences in software information industry. Prior to joining us, from April 2014 to July 2015, Mr. Zou served as a deputy general manager at Beijing Weizhi Power Network Information Technology Co., Ltd. (北京唯緻動力網絡信息科技有限公司), an IT company where he was primarily responsible for sales management of the company. From July 2012 to March 2014, he served as the sales manager at Beijing Watertek Information Technology Co., Ltd. where he was responsible for sales management of information security products. Prior to that, from October 2009 to June 2012, he served as a technical support engineer at Beijing Watchdata Co., Ltd. where he was responsible for sales of information security products for banking industry. Mr. Zou also worked as a trainee application engineer at Invensys Netherland (now known as Schneider Electronics), a multinational IT company.

Mr. Zou graduated from University of Electronic Science and Technology of China (電子科技大學) in the PRC with a bachelor's degree in automation in June 2005.

Ms. Jin Xin (金鑫), aged 39, joined our Group in November 2018 as vice president and was appointed as an executive Director in May 2021 and the chief operating officer in October 2022. She is primarily responsible for the overall operational management of our Group.

Ms. Jin has more than 12 years of experience in the financial services industry. Prior to joining us, she worked at the credit card center of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司), a state-owned bank concurrently listed on the Main Board of the Stock Exchange (stock code: 1398) and the Shenzhen Stock Exchange (stock code: 601398), from September 2009 to October 2018, where she was primarily responsible for product development and operation of online platforms.

Ms. Jin graduated from Beijing Forestry University (北京林業大學) in the PRC with a bachelor's degree in packaging engineering in July 2007. She further obtained a master's degree from Beihang University (北京航空航天大學) in the PRC in management science and engineering in July 2009.

Non-executive Directors

Mr. Huang Miao (黃淼), aged 53, was appointed as our non-executive Director in August 2018. Mr. Huang is primarily responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group.

Mr. Huang has extensive experience in investment management. Mr. Huang has served as a co-chairman of the board of directors and the chief executive officer of Shanghai Fosun Capital Investment Management Co., Ltd. (上海復星創富投資管理股份有限公司) and a director and general manager of Fosun Capital (Jiangsu) Investment Management Co., Ltd. (復

星創富(江蘇)投資管理有限公司). Previously, Mr. Huang served as a vice president at Jiangsu Jiuzhou Investment Investment Group Venture Investment Co., Ltd. (江蘇九洲投資集團創業投資有限公司), where he was primarily responsible for the overall management of sales department of the company. From March 2010 to May 2012, he served as a senior investment manager at Changzhou SAIF High-Tech Venture Capital Management Co., Ltd. (常州賽富高新創業投資管理有限公司), a private equity firm where he focused on the venture capital investment. From January 2008 to June 2010, Mr. Huang served at Shell (China) Limited (殼牌(中國)有限公司), a subsidiary of Royal Dutch Shell Plc whose shares are listed on the New York Stock Exchange (ticker: RDS.A), with his last position being a sales director. Prior to that, from May 1997 to January 2008, Mr. Huang also successively served as a sales engineer, a regional sales manager and a marketing director at the Shanghai branch of Castrol (Shenzhen) Company Limited (嘉實多(深圳)有限公司), a subsidiary of BP plc whose shares are concurrently listed on the London Stock Exchange (ticker: BP), the Frankfurt Stock Exchange (stock code: BPE) and the New York Stock Exchange (ticker: BP).

Mr. Huang graduated from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in the PRC with a bachelor's degree in mechanical engineering in June 1993. He further obtained an executive master of business administration degree from Peking University (北京大學) in the PRC in January 2007.

Mr. Diao Juanhuan (刁雋桓), aged 52, was appointed as our non-executive Director in November 2019. Mr. Diao is primarily responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group.

Mr. Diao has extensive experience in investment management. He has served as a partner at Shenzhen Oriental Fortune Capital Co., Ltd. (深圳東方富海投資管理股份有限公司) since January 2008, a PRC venture capital investment firm where he was responsible for fund management. He has also served as the general manager and a director at Shenzhen Aofan Investment Co., Ltd. (深圳市翱帆投資股份有限公司) since April 2002, being responsible for investment management.

From September 2019 to March 2021, Mr. Diao served as a director at Shanxi Yongdong Chemical Co., Ltd. (山西永東化工股份有限公司), a company whose shares are listed on Shenzhen Stock Exchange (stock code: 002753). From December 1996 to December 1998, he served as a general manager at the securities trade business department of Jun'an Securities Co., Ltd. (君安證券有限公司) (currently known as Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司), a company whose shares are listed on the Stock Exchange (stock code: 2611) and the Shanghai Stock Exchange (stock code: 601211)), being responsible for various securities trade assignments and overseeing the operation of the branch.

Mr. Diao graduated from Shenzhen University (深圳大學) in the PRC with a bachelor's degree in international trade in July 1995. He further obtained an executive master of business administration degree from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2011.

Independent Non-executive Directors

Mr. Tian Lixin (田立新), aged 49, was appointed as our independent non-executive Director in May 2021. He is primarily responsible for providing independent advice to our Board on the operations and management of our Group.

Mr. Tian has extensive experience in accounting and financial management. Mr. Tian has served as an executive director at Sichuan Datong Gas Development Co. Ltd (四川大通燃氣開發股份有限公司) (currently known as Delong Composite Energy Group Co., Ltd. (德龍彙能集團股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000593)) since November 2018. He has also served as the finance director and vice president at Delong Steel Co., Ltd. (德龍鋼鐵有限公司) since 2013.

Mr. Tian graduated from Hebei University of Economics and Business (河北經貿大學) in the PRC with an undergraduate diploma in accounting in July 2000. He also obtained an executive master of business administration degree from Tsinghua University (清華大學) in the PRC in June 2022.

Mr. Tian was accredited as a Senior Accountant by the Department of Personnel of Hebei Province (河北省人事廳) in December 2008 and a Certified Tax Agent by Hebei Provincial Title Reform Leading Group Office (河北省職稱改革領導小組辦公室) in June 2007, respectively.

Dr. Wu Changhai (武長海), aged 51, was appointed as our independent non-executive Director in May 2021 and is primarily responsible for providing independent advice to our Board on the operations and management of our Group.

Dr. Wu has over 17 years of experience in research and teaching on economic law. He has served at China University of Political Science and Law Capital Finance Institute (中國政法大學資本金融研究院) since July 2007 with the current position being a professor and deputy dean. From July 2004 to July 2007, Dr. Wu served as a researcher at WTO center, Beijing Municipal Commerce Bureau (北京市商務局WTO中心). He also temporarily acted as the assistant to the director of the policy research department, Beijing Municipal Financial Work Bureau (北京市金融工作局政策研究室) and the deputy director of the legal and compliance department of China Xiong'an Group (中國雄安集團).

Dr. Wu has served as independent director at Gaona Aero Material Co., Ltd. (北京市鋼研高納股份有限公司), a company whose shares on listed on the Shenzhen Stock Exchange (stock code: 300034) since April 2021).

Dr. Wu obtained a master's degree in law from Renmin University of China (中國人民大學) in the PRC in July 2004 and a doctorate degree in law from University of International Business and Economics (對外經濟貿易大學) in the PRC in July 2007.

Dr. Wu's key social positions include the executive director of the International Economic Law Research Association of China Law Society (中國法學會國際經濟法學研究會常務理事), arbitrator of China International Economic and Trade Arbitration Commission (中國國際經濟

貿易仲裁委員會仲裁員), mediator of Investor Services Center, China Securities Regulatory Commission (中國證監會中小投資者服務中心調解員) and peer review expert of National Social Science Fund (國家社科基金同行評議與評審專家).

Dr. Song Hua (宋華), aged 55, was appointed as our independent non-executive Director in May 2021 and is primarily responsible for providing independent advice to our Board on the operations and management of our Group.

Dr. Song has over 26 years of experience in research and teaching on corporate management. He has served at Renmin Business School (中國人民大學商學院) since July 1995 and is currently a deputy dean and professor of corporate management department.

Dr. Song obtained a master's degree and a doctorate degree in trade economics from Zhongnan University of Economics (中南財經大學) (now known as Zhongnan University of Economics and Law (中南財經政法大學)) in the PRC in July 1992 and June 1995, respectively.

Dr. Song was awarded Baosteel Excellent Teachers Award (寶鋼優秀教師獎) by Baosteel Education Foundation (寶鋼教育基金會) in November 2009. He has been a participant of New Century Excellent Talents Program (新世紀優秀人才計劃) implemented by the Ministry of Education, PRC (中華人民共和國教育部) since December 2007. Dr. Song also holds positions at academic organizations, such as the vice president of China Society of Logistics (中國物流學會副會長).

Mr. Ng Kwok Yin (吳國賢), aged 48, was appointed as our independent non-executive Director in December 2021 and is primarily responsible for providing independent advice to our Board on the operations and management of our Group.

Mr. Ng has extensive experience in financial management. Mr. Ng has served as an independent non-executive director at Concord Healthcare Group Co., Ltd. (美中嘉和醫學技術發展集團股份有限公司), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 2453) since January 9, 2024. From November 2020 to September 2021, Mr. Ng served as an director and the chief financial officer at Zhangmen Education Inc., a company whose shares are listed on the New York Stock Exchange (ticker: ZME). From August 2019 to July 2020, Mr. Ng served as the chief financial officer at Meten Edtechx Education Group Ltd., a company listed on Nasdaq (ticker: METX). Prior to that, Mr. Ng served as the chief financial officer of Ming Yang Smart Energy Group Limited (明陽智慧能源集團股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 601615) from November 2014 to August 2019. From October 1999 to August 2012, Mr. Ng served at KPMG with his last position being a senior manager.

Mr. Ng received his bachelor's degree in accounting from The Hong Kong University of Science and Technology in Hong Kong in November 1999. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 2003 and was qualified to serve as a board secretary of the companies whose shares listed on the Shanghai Stock Exchange in April 2019.

BOARD OF SUPERVISORS

The following table sets forth general information regarding the Supervisors of our Company:

Name	Age	Position	Date of joining our Group	Date of appointment as a Supervisor	Roles and responsibilities	Relationship with other Directors, Supervisors and/or Senior management
Mr. Li Yunfeng (李雲峰)	46	Chairman of our Board of Supervisors, Supervisor and director of human resources department	May 4, 2015	December 1, 2015	Supervision of performance of our Directors and senior management	None
Ms. Shi Haixia (史海霞)	48	Supervisor and senior executive assistant	June 11, 2018	August 31, 2022	Supervision of performance of our Directors and senior management	None
Mr. Luo Wenhong (羅文宏)	33	Supervisor	October 29, 2019	May 8, 2021	Supervision of performance of our Directors and senior management	None

Mr. Li Yunfeng (李雲峰), aged 46, joined our Group as the deputy director of human resources and administration department in May 2015 and was appointed as a Supervisor and the chairman of our Board of Supervisors in December 2015. Mr. Li is primarily responsible for the overall management of our Board of Supervisors and the supervision of performance of our Directors and senior management.

Prior to joining us, from April 2011 to April 2014, Mr. Li served as the design director at Beijing Wsdong Internet Information Technology Co., Ltd. (北京唯致動力網絡信息科技有限責任公司). From September 2008 to September 2010, he served as a senior designer at Beijing Watchdata Co., Ltd. He also worked as an art engineer at Beijing Sijiawei Technology Co., Ltd. (北京思佳維科技有限公司) from September 2000 to September 2005.

Mr. Li graduated from Yancheng Institute of Technology (鹽城工學院) in the PRC with a college diploma in decoration and design in June 1999.

Ms. Shi Haixia (史海霞), aged 48, joined our Group as a senior executive assistant in June 2018 and was appointed as a Supervisor in August 2022. Ms. Shi is primarily responsible for the supervision of performance of our Directors and senior management.

Prior to joining us, from February 2000 to May 2018, Ms. Shi served as a salesperson at Beijing Watchdata Co., Ltd. (北京握奇數據股份有限公司).

Ms. Shi obtained a college diploma in professional English from The Capital United University for Further Study (首都聯合職工大學) in the PRC through long distance learning in January 2006.

Mr. Luo Wenhong (羅文宏), aged 33, was appointed as a Supervisor in May 2021. Mr. Luo is primarily responsible for the supervision of performance of our Directors and senior management.

Mr. Luo has served as an investment manager at Shenzhen Capital Group Co., Ltd. (深圳創新投資集團有限公司) since July 2015.

Mr. Luo graduated from Sun Yat-sen University (中山大學) in the PRC with a bachelor's degree in information science in July 2012. He further obtained a master's degree in applied finance from Pepperdine University in the United States in June 2014.

SENIOR MANAGEMENT

Ms. Chen Jie (陳杰), see "—Directors—Executive Directors" for details.

Mr. Zou Yan (鄒岩), see "—Directors—Executive Directors" for details.

Mr. Yang Zhengdao (楊正道), see "—Directors—Executive Directors" for details.

Ms. Jin Xin (金鑫), see "—Directors—Executive Directors" for details.

Mr. Hou Shifei (侯世飛), aged 52, joined our Group as a vice president, chief financial officer and board secretary in August 2021. He is primarily responsible for overall financial and accounting affairs of our Group.

Mr. Hou has more than 32 years of experience in financial and capital market affairs. Prior to joining us, from August 2011 to August 2021, Mr. Hou served as a director of the investment bank department at China Securities Co., Ltd. (中信建投證券股份有限公司), a company whose shares are concurrently listed on the Main Board of the Stock Exchange (stock code: 6066) and the Shanghai Stock Exchange (stock code: 601066). From October 2009 to July 2011, he served as a senior vice president of the investment bank department at Caitong Securities Co., Ltd. (財通證券股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 601108). From March 2008 to September 2009, Mr. Hou served as a senior investment banking associate at Bohai Securities Co., Ltd. (渤海證券

股份有限公司). From July 2007 to March 2008, Mr. Hou served as a project auditor at Daxin Certified Public Accountant LLP (大信會計師事務所(特殊普通合夥)). Prior to that, Mr. Hou also worked at Shenyang Railway Bureau (瀋陽鐵路局) as an accountant.

Mr. Hou graduated from Beijing Jiaotong University (北京交通大學) in the PRC with an undergraduate diploma in accounting in June 2005.

Mr. Hou was accredited as a Certified Public Accountant by the Chinese Institute of Certified Public Accountants in November 2009 and was qualified as a Sponsor Representative (保薦代表人) registered with the CSRC in October 2012.

Save as disclosed above, each of our Directors, Supervisors and senior management members confirms with respect to himself or herself that he or she (1) had no other relationship with any Directors, Supervisors senior management or substantial or Controlling Shareholders of our Company as at the Latest Practicable Date; (2) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any stock exchange in Hong Kong and/or overseas; and (3) there are no other matters concerning our Directors' and Supervisors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

In addition, each of our Directors confirms with respect to himself or herself that (1) to the best of his or her knowledge and belief, as of the Latest Practicable Date, he or she was not interested in any business, which, competes or is likely to compete, directly or indirectly, with our Group's business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules; and (2) he or she (i) obtained the legal advice referred to under Rule 3.09D of the Listing Rules on May 24, 2023, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of the independent non-executive Directors confirms (1) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (2) he has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (3) that there are no other factors that may affect his independence at the time of his appointments.

JOINT COMPANY SECRETARIES

Mr. Jiao Yang (焦陽), aged 38, joined our Group in May 2023 and was appointed as one of our joint company secretaries in June 2023, which will come into effect upon the consummation of the [**REDACTED**]. Mr. Jiao has served as a vice president of our Company since May 2023.

Prior to joining our Group, Mr. Jiao served as a vice president and a joint company secretary at Huafang Group Inc., a company listed on the Stock Exchange (stock code: 3611), from April 2020 to May 2023. From June 2018 to April 2020, he served as the senior vice president at ORIX Asia Capital Limited (歐力士亞洲資本有限公司). From August 2015 to February 2018, he served as a vice president at Lianxin Strategic Investment Management (Beijing) Co., Ltd. (聯信策為投資管理(北京)有限責任公司). From June 2013 to August 2015, he served as a vice president at Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司). From January 2012 to June 2013, he served as a senior associate at Beijing Branch of KPMG Advisory (China) Limited (畢馬威企業諮詢(中國)有限公司北京分公司).

Mr. Jiao graduated from Shanghai Jiao Tong University (上海交通大學) in the PRC with a bachelor's degree in economics in July 2008. He obtained a master's degree in business analytics and consulting from University of Warwick in England in November 2010 and a master's degree in strategic marketing from University of Glasgow in Scotland in December 2009. He was recognized as the Chartered Financial Analyst by Chartered Financial Analyst Institution in September 2016.

Mr. Zheng Tianhao (鄭天昊), aged 28, joined our Group in August 2017 and was appointed as one of our joint company secretaries in May 2023, which will come into effect upon the consummation of the [**REDACTED**]. Mr. Zheng served as an operating manager from August 2017 to February 2019 and has served as the securities affairs representative of our Board office since then.

Mr. Zheng graduated from China University of Mining & Technology, Beijing (中國礦業大學(北京)) in the PRC with a bachelor's degree in computer science and technology in July 2017.

Mr. Chiu Ming King (趙明璟), was appointed as one of our joint company secretaries in May 2023, which will come into effect upon the consummation of the [**REDACTED**].

Mr. Chiu is a managing director of Corporate Services of Vistra Corporate Services (HK) Limited. He has over 10 years of experience in the company secretarial field. He is currently (1) the joint company secretary of Shanghai Haohai Biological Technology Co., Ltd., a company listed on the Stock Exchange (stock code: 6826); (2) the joint company secretary of Kunming Dianchi Water Treatment Co., Ltd., a company listed on the Stock Exchange (stock code: 3768); (3) the company secretary of Grace Wine Holdings Limited, a company listed on the Stock Exchange (stock code: 8146); (4) the joint company secretary of CanSino Biologics Inc., a company listed on the Stock Exchange (stock code: 6185); (5) the company secretary of Sheng Yuan Holdings Limited, a company listed on the Stock Exchange (stock code: 851); (6) the company secretary of Loco Hong Kong Holdings Limited, a company listed on the Stock Exchange (stock code: 8162); (7) the company secretary of JD Health International Inc., a company listed on the Stock Exchange (stock code: 6618) and (8) the company secretary of JD Logistics, Inc., a company listed on the Stock Exchange (stock code: 2618).

Mr. Chiu was elected as an associate and a fellow of The Chartered Governance Institute in the United Kingdom in 2003 and 2015, respectively, and admitted as an associate and a fellow of The Hong Kong Chartered Governance Institute in October 2003 and September 2015, respectively. He is also a holder of the Practitioner's Endorsement Certificate issued by HKICS. He has been a vice chairman of the Membership Committee, a chairman of the Professional Services Panel and a council member of HKICS.

Mr. Chiu obtained his bachelor of arts degree from University of Toronto in Canada in June 1999 and received his master of arts degree in professional accounting and information systems from City University of Hong Kong in November 2003.

BOARD COMMITTEES

Our Company has established three committees under our Board pursuant to the laws and regulations of the PRC and corporate governance practice requirements under the Listing Rules, including the audit committee, the remuneration and appraisal committee and the nomination committee.

Audit Committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and to advise our Board. The audit committee comprises three independent non-executive Directors, namely Mr. Ng Kwok Yin, Mr. Tian Lixin and Dr. Song Hua. Mr. Ng Kwok Yin, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the remuneration and appraisal committee are to review and make recommendations to our Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The remuneration and appraisal committee comprises one executive Director and two independent non-executive Directors, namely Dr. Wu Changhai, Mr. Yang Zhengdao and Mr. Ng Kwok Yin. Dr. Wu Changhai is the chairman of the committee.

Nomination Committee

We have established a nomination committee in compliance with the Code on Corporate Governance set out in Appendix C1 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board regarding the appointment of Directors and Board succession. The nomination committee comprises one executive Director and two independent non-executive Directors, namely Ms. Chen Jie, Dr. Song Hua and Mr. Tian Lixin. Ms. Chen is the chairlady of the committee.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy which sets out the approach to achieve diversity of our Board. We recognize and embrace the benefits of having a diverse Board and see increasing diversity at our Board level as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the nomination committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The nomination committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity on our Board and recommend them to our Board for adoption.

Our Board has a balanced mix of knowledge, skills, experience. They obtained degrees or diplomas in various majors including but not limited to business administration, law, accounting, automation, engineering and international trade. We have four independent non-executive Directors who have different industry backgrounds, including accounting, law, economics, and corporate management. Besides, our Directors are of a wide range of age, from 38 years old to 54 years old. Furthermore, with regards to gender diversity on our Board, we recognize the particular importance of gender diversity. Our Board currently consists of two female Directors (including the chairlady of our Board and our general manager) and eight male Directors, and we will continue to maintain and further enhance gender diversity of our Board going forward.

Taking into account our business model and specific needs, we consider that the composition of our Board in general satisfies our Board diversity policy.

REMUNERATION OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our executive Directors, Supervisors and senior management members, who are also employees of our Company, emolument in the form of salaries, remuneration, pension, discretionary bonus and other welfares. Our non-executive Directors and independent non-executive Directors receive emolument based on their responsibilities (including being members or chairman of Board committees). We adopt a market and incentive-based employee emolument structure and implement a multi-layered evaluation system which focuses on performance and management goals.

The aggregate amount of emolument (including salaries, remuneration, pension, discretionary bonus, share-based payment expenses and other welfares) paid to our Directors and Supervisors for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023 were RMB15.9 million, RMB98.0 million, RMB8.4 million and RMB117.3 million, respectively. Under the arrangements currently in force, we estimate that the aggregate emolument payable to the Directors and Supervisors (excluding discretionary bonus or any other share incentive (if applicable)) by our Company for the year ending December 31, 2023 will be approximately RMB5.8 million.

For the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023, the aggregate amount of emolument paid to the five highest paid individuals of our Group (including salaries, remuneration, pension, discretionary bonus, the share-based compensation and other welfares), excluding Directors and chief executives, were RMB2.9 million, RMB34.3 million, RMB6.5 million and RMB9.8 million, respectively.

During the Track Record Period, no remuneration was paid to, or receivable by, our Directors, Supervisors or the five highest paid individuals of our Company as an inducement to join or upon joining our Company or as a compensation for loss of office in the Track Record Period. Further, none of our Directors or Supervisors had waived any emolument during the same period.

Except as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals of our Company during the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us in the following circumstances:

(1) before publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might constitute a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and share repurchases;

(3) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results of operation deviate from any forecast, estimate or other information in this document; and

(4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the [**REDACTED**] of the Shares or any other matters under Rule 13.10 of the Listing Rules.

Meanwhile, pursuant to Rule 19A.06(3) of the Listing Rules, the compliance advisor shall inform us on a timely basis of any amendment or supplement to the Listing Rules issued by the Stock Exchange from time to time and any new or amended law, regulation or code in Hong Kong applicable to our Company. The compliance advisor shall also provide advice to us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [**REDACTED**] and end on the date on which we distribute the annual report of the first full financial year commencing after the [**REDACTED**].

CORPORATE GOVERNANCE PRACTICES

We consider that having Ms. Chen acting as both the chairlady of our Board and our general manager will provide a strong and consistent leadership to us and allow for more effective planning and management of our Group. Pursuant to C.2.1 of Appendix C1 to the Listing Rules. The roles of chairperson and chief executive should be separate and should not be performed by the same individual. However, in view of Ms. Chen's extensive experience in the industry, personal profile and critical role in our Group and its historical development, we consider that it is beneficial to the business prospects of our Group that Ms. Chen continues to act as both the chairlady of our Board and our general manager upon [**REDACTED**]. Save as disclosed above, we are in compliance with all applicable code provisions as set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules.

This section presents certain information regarding our share capital prior to and following the completion of the [**REDACTED**] and the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date and immediately prior to the [**REDACTED**] and the [**REDACTED**], the registered and issued share capital of our Company was RMB216,644,754, comprising 216,644,754 Domestic Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED] AND THE [REDACTED]

Immediately following completion of the [**REDACTED**] and the [**REDACTED**], assuming that the [**REDACTED**] is not exercised, the registered and issued share capital of our Company will be as follows:

Description of Shares	**Number of Shares**	**Approximate percentage of the [REDACTED] issued share capital after the [REDACTED]**
Domestic Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be [**REDACTED**] from Domestic Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100.00%

Notes: See "History and Corporate Structure—Corporate Structure" in this document for details of the identities of our Shareholders whose Shares will remain as Domestic Shares and whose Shares will be [**REDACTED**] into H Shares upon [**REDACTED**].

Immediately following completion of the [**REDACTED**] and the [**REDACTED**], assuming that the [**REDACTED**] is fully exercised, our registered and issued share capital will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the [REDACTED] issued share capital after the [REDACTED]
Domestic Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be [**REDACTED**] from Domestic Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	100.00%

Notes: See "History and Corporate Structure—Corporate Structure" in this document for details of the identities of our Shareholders whose Shares will remain as Domestic Shares and whose Shares will be [**REDACTED**] into H Shares upon [**REDACTED**].

OUR SHARES

Upon completion of the [**REDACTED**] and the [**REDACTED**], the Shares will consist of Domestic Shares and H Shares. Domestic Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional [**REDACTED**] in the PRC, the qualified PRC [**REDACTED**] under the Shanghai-Hong Kong Stock Connect and the Shenzhen- Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] for by or [**REDACTED**] between legal or natural PRC persons. Domestic Shares can only be subscribed for by and traded between legal or natural PRC persons, qualified foreign institutional [**REDACTED**] and foreign strategic [**REDACTED**]. H Shares may only be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and transferred in Renminbi. Domestic Shares and H Shares are regarded as one class of Shares under our Articles of Association. Our Domestic Shares are not [**REDACTED**] on any stock exchange.

RANKING

Save as described in this document, Domestic Shares and H Shares shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be paid by us in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of Domestic Shares, dividends in the form of Shares will be distributed in the form of additional Domestic Shares.

[**REDACTED**] OF DOMESTIC SHARES INTO H SHARES

According to stipulations made by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be [**REDACTED**] into H Shares, and such [**REDACTED**] H Shares may be [**REDACTED**] on an overseas stock exchange, provided that prior to the [**REDACTED**] of such [**REDACTED**] Shares, the requisite internal approval processes have been duly completed and the approvals from the relevant PRC regulatory authorities, including the CSRC, and the relevant overseas stock exchange have been obtained. In addition, such [**REDACTED**] shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

The [**REDACTED**] will involve an aggregate of [**REDACTED**] Domestic Shares held by 50 existing Shareholders (the "[**REDACTED**]"), representing [**REDACTED**]% of total issued Shares of the Company upon completion of the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised). Under the applicable PRC laws, foreign investors shall not hold more than 50.0% of the equity interest in a PRC company engaged in the provision of value-added telecommunication services. In order to comply with such foreign ownership restriction requirement following the completion of the [**REDACTED**] and the [**REDACTED**], and to leave flexibility to any possible A share [**REDACTED**] in the future where the Domestic Shares can be [**REDACTED**] on a domestic stock exchange, our existing Shareholders have decided not to [**REDACTED**] the entire Domestic Shares held by them into H Shares.

Set out below is the shareholding of the [**REDACTED**] immediately before and after the completion of the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED] (%)	Number of [REDACTED] H Shares	Approximate percentage of H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised) (%)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised) (%)
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡科技有限公司)	25,724,721	11.87	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Watertek Information Technology Co., Ltd. (北京旋極信息技術股份有限公司)	21,463,466	9.91	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Xiu'an	20,000,000	9.23	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Duoying	14,922,174	6.89	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Dazhong Public Utilities (Group) Co., Ltd. (上海大眾公用事業(集團)股份有限公司)	7,000,000	3.23	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Fortune Gutoubang No. 6 Investment Enterprise (Limited Partnership) (深圳富海股投邦六號投資企業(有限合夥))	6,255,607	2.89	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Guoxin Venture Capital Investment Co., Ltd. (上海國鑫創業投資有限公司)	5,564,786	2.57	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hongzheng Junfang Investment Co., Ltd. (紅正均方投資有限公司)	4,687,500	2.16	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Small and Medium-sized Enterprises Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥))	4,170,404	1.92	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Gongtong Jiayuan Management Co., Ltd. (深圳市共同家園管理有限公司)	3,926,774	1.81	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)	3,909,754	1.80	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Xingshi Investment Management Center (Limited Partnership) (北京星實投資管理中心(有限合夥))	3,401,708	1.57	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED] (%)	Number of [REDACTED] H Shares	Approximate percentage of H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised) (%)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised) (%)
Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司)	3,094,045	1.43	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Fosun Weishi Phase I Equity Investment Fund Partnership (Limited Partnership) (上海復星惟實一期股權投資基金合夥企業(有限合夥))	3,094,043	1.43	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suqian Jiuzhao Fengya Equity Investment Partnership (Limited Partnership) (宿遷玖兆豐亞股權投資合夥企業(有限合夥))	2,714,563	1.25	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dongguan Hongtu Venture Capital Fund Partnership (Limited Partnership) (東莞紅土創業投資基金合夥企業(有限合夥))	2,345,852	1.08	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Jiuzhao Hexuan Equity Investment Partnership (Limited Partnership) (嘉興玖兆鶴軒股權投資合夥企業(有限合夥))	2,011,538	0.93	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tongxiang Zhongrun Investment Co., Ltd. (桐鄉市眾潤投資有限公司)	2,007,008	0.93	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jinjiang Fangzhou No. 2 Equity Investment Partnership (Limited Partnership) (晉江方舟二號股權投資合夥企業(有限合夥))	1,939,314	0.90	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Fosun Venture Capital Investment Partnership (無錫復星創業投資合夥企業(有限合夥))	1,923,077	0.89	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yancheng Yannan Unicorn Investment Fund Partnership (Limited Partnership) (鹽城市鹽南獨角獸投資基金合夥企業(有限合夥))	1,907,470	0.88	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Wanjia Venture Capital Partnership (Limited Partnership) (蘇州萬佳創業投資合夥企業(有限合夥))	1,700,854	0.79	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED] (%)	Number of [REDACTED] H Shares	Approximate percentage of H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised) (%)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised) (%)
Shenzhen Hongtu Intelligent Equity Investment Fund Partnership (Limited Partnership) (深圳市紅土智能股權投資基金合夥企業(有限合夥))	1,563,902	0.72	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhang Lianwen (張連文)	1,442,308	0.67	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Guo Xixing (郭夕興)	1,154,606	0.53	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yinhe Yuanhui Investment Co., Ltd. (銀河源匯投資有限公司)	1,150,000	0.53	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gongqingcheng Henghui Ruicheng Equity Investment Management Partnership (Limited Partnership) (共青城恒匯瑞誠股權投資管理合夥企業(有限合夥))	1,100,000	0.51	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jinan Haiwang Equity Investment Partnership (Limited partnership) (濟南海望股權投資合夥企業(有限合夥))	1,000,000	0.46	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Beijing Cuihu Original Innovation No. 1 Venture Capital Fund (Limited Partnership) (北京翠湖原始創新一號創業投資基金(有限合夥))	800,000	0.37	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changzhou Tianning Hongya Industrial Investment Partnership (Limited Partnership) (常州市天寧弘亞實業投資合夥企業(有限合夥))	769,230	0.36	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Yan Xia (顏霞)	769,230	0.36	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Jinxintong Technology Center (Limited Partnership) (天津金鑫通科技中心(有限合夥))	730,000	0.34	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Hongma Shengshi Private Equity Investment Fund Partnership (Limited Partnership) (青島紅馬盛世私募股權投資基金合夥企業(有限合夥))	421,052	0.19	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED] (%)	Number of [REDACTED] H Shares	Approximate percentage of H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised) (%)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised) (%)
Chongqing Liangjiang Zhongxin Jialiang Financial Technology RMB Equity Investment Fund Partnership (Limited Partnership) (重慶兩江中新嘉量金融科技人民幣股權投資基金合夥企業(有限合夥))	400,000	0.18	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Ruibeita Equity Investment Partnership (Limited Partnership) (青島睿貝塔股權投資合夥企業(有限合夥))	346,153	0.16	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Muhua Equity Investment Partnership (Limited Partnership) (蘇州慕華股權投資合夥企業(有限合夥))	340,171	0.16	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changzhou Xinxing No. 1 Investment Partnership Enterprise (Limited Partnership) (常州市新興壹號投資合夥企業(有限合夥))	340,171	0.16	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Wen Xiaoming (文曉鳴)	340,171	0.16	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suqian Jiuzhao Yunlian Equity Investment Partnership (Limited Partnership) (宿遷玖兆雲聯股權投資合夥企業(有限合夥))	300,000	0.14	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Zhu Liping (朱莉萍)	236,762	0.11	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pingxiang Jiuzhao Anyuan Equity Investment Partnership (Limited Partnership) (萍鄉市玖兆安元股權投資合夥企業(有限合夥))	230,769	0.11	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suqian Qianshan Xinzhuo Equity Investment Partnership (Limited Partnership) (宿遷千山信卓股權投資合夥企業(有限合夥))	200,000	0.09	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chuanjiang Investment Co., Ltd. (川江投資有限公司)	192,307	0.09	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Huang Shanfan (黃善繁)	110,580	0.05	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Chen Xin (陳欣)	61,538	0.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED] (%)	Number of [REDACTED] H Shares	Approximate percentage of H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised) (%)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised) (%)
Mr. Ma Jingping (麻靜平)	57,692	0.03	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pingxiang Jiuzhao Hongxin Equity Investment Partnership (Limited Partnership) (萍鄉玖兆弘新股權投資合夥企業(有限合夥))	40,820	0.02	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Liu Ning (劉寧)	13,607	0.006	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Yu Xiao (餘曉)	13,607	0.006	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Shi Zhenyi (石振毅)	10,205	0.005	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	157,899,539	72.88	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

If any other of the Domestic Shares are to be [**REDACTED**] as H Shares on the Stock Exchange, such [**REDACTED**] will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange. We may apply for the [**REDACTED**] of all or any portion of the Domestic Shares on the Stock Exchange as H Shares to ensure that the [**REDACTED**] process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the [**REDACTED**]. Approval of Shareholders at a general meeting is not required for the [**REDACTED**] of the [**REDACTED**] Shares on an overseas stock exchange.

[REDACTED] Review and Approval by the CSRC

[REDACTED]

[**REDACTED**]

[REDACTED] Approval by the Stock Exchange

We have applied to the [**REDACTED**] of the Stock Exchange for the granting of [**REDACTED**] of, and permission to [**REDACTED**], our H Shares to be issued pursuant to the [**REDACTED**] (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]) and the H Shares to be [**REDACTED**] from [**REDACTED**] Domestic Shares, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the [**REDACTED**] after receiving the approval of the Stock Exchange: (1) giving instructions to our [**REDACTED**] regarding the relevant share certificates of the [**REDACTED**] H Shares; and (2) enabling the [**REDACTED**] H Shares to be accepted as eligible securities by [**REDACTED**] for deposit, clearance and settlement in the [**REDACTED**]. The [**REDACTED**] may only [**REDACTED**] the H Shares upon completion of the domestic procedures as disclosed in this section.

Domestic Procedures

[**REDACTED**]

[**REDACTED**]

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The PRC Company Law provides that in relation to the [**REDACTED**] of a company, the shares issued prior to the [**REDACTED**] shall not be transferred within a period of one year from the date on which the [**REDACTED**] shares are [**REDACTED**] on any stock exchange. Accordingly, Shares issued by our Company prior to the [**REDACTED**] shall be subject to this statutory restriction and not be transferred within a period of one year from the [**REDACTED**].

REGISTRATION OF SHARES NOT [REDACTED] ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (關於境外上市公司非境外上市股份集中登記存管有關事宜的通知) issued by the CSRC, an overseas [**REDACTED**] company is required to register its domestic shares with the CSDC within 15 business days upon [**REDACTED**] and provide a written report to the CSRC regarding the centralized registration and deposit of the domestic shares as well as the [**REDACTED**] of H shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which our Shareholders' general meeting is required, please see "Appendix III—Summary of the Articles of Association—7. General provisions of general meetings" in this document.

To the best of our Directors' knowledge and information, the following persons will, immediately following the completion of the [**REDACTED**] and the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of our Company:

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)			
Shareholder	Nature of interest	Number of Domestic Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares	Description of Shares[1]	Approximate percentage of shareholding in our Domestic Shares/ H Shares (as appropriate)[1]	Approximate percentage of shareholding in the total issued share capital of our Company
Ms. Chen	Beneficial owner Interest in controlled corporation[2]	58,700,000 34,922,174	27.10% 16.12%	[REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED]
Ningbo Xiu'an[2]	Beneficial owner	20,000,000	9.23%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Tianjin Duoying[2]	Beneficial owner	14,922,174	6.89%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Tianjin Piaoying Technology Center (Limited Partnership) (天津票盈科技中心(有限合夥)) ("Tianjin Piaoying")[2]	Interest in controlled corporation	14,922,174	6.89%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Alibaba (China) Technology Co., Ltd. (阿里巴巴(中國)網絡科技有限公司) ("Alibaba")[3]	Beneficial owner	25,724,721	11.87%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Alibaba Group Holding Limited[3]	Interest in controlled corporation	25,724,721	11.87%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Beijing Watertek Information Technology Co., Ltd. (北京旋極信息技術股份有限公司) ("Watertek")[4]	Beneficial owner	21,463,466	9.91%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Mr. Chen Jiangtao ("陳江濤")[4]	Interest in controlled corporation	21,463,466	9.91%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Fosun International Limited (復星國際有限公司)[5]	Interest in controlled corporation	11,512,873	5.31%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. (深圳市東方富海投資管理股份有限公司)[6]	Interest in controlled corporation	10,426,011	4.81%	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]

(1) For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

(2) As of the Latest Practicable Date, Ms. Chen (i) acted as the general partner of Ningbo Xiu'an; and (ii) acted as the general partner of Tianjin Duoying and Tianjin Piaoying, the latter of which was a limited partner holding 43.16% of the partnership interest in Tianjin Duoying. Under the SFO, Ms. Chen is deemed to be interested in the entire Shares held by Ningbo Xiu'an and Tianjin Duoying, and Tianjin Piaoying is deemed to be interested in the entire Shares held by Tianjin Duoying.

(3) As of the Latest Practicable Date, Alibaba was an indirectly wholly-owned subsidiary of Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (ticker: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988). Under the SFO, Alibaba Group Holding Limited, and its intermediary subsidiary entities through which it holds interest in Alibaba, are deemed to be interested in the entire Shares held by Alibaba.

(4) As of the Latest Practicable Date, Watertek, a company incorporated in the PRC with its shares listed on the Shanghai Stock Exchange (stock code: 300324), was ultimately controlled by Mr. Chen Jiangtao. Under the SFO, Mr. Chen Jiangtao is deemed to be interested in the entire Shares held by Watertek.

(5) As of the Latest Practicable Date, Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), Shanghai Fosun Weishi Phase I Equity Investment Fund Partnership (Limited Partnership) (上海復星惟實一期股權投資基金合夥企業(有限合夥)) and Wuxi Fosun Venture Capital Investment Partnership (無錫復星創業投資合夥企業(有限合夥)) were ultimately controlled by Fosun International Limited, a company incorporated in Hong Kong and listed on the Stock Exchange (stock code: 656). As of the Latest Practicable Date, the general partner of Beijing Xingshi Investment Management Center (Limited Partnership) (北京星實投資管理中心(有限合夥)) was Beijing Xingyuan Innovation Equity Investment Fund Management Co., Ltd. (北京星元創新股權投資基金管理有限公司), an indirectly non-wholly-owned subsidiary of Fosun International Limited. Under the SFO, Fosun International Limited is deemed to be interest in the entire Shares held by Shanghai Fosun High Technology (Group) Co., Ltd., Shanghai Fosun Weishi Phase I Equity Investment Fund Partnership (Limited Partnership), Wuxi Fosun Venture Capital Investment Partnership and Beijing Xingshi Investment Management Center (Limited Partnership). See "Share Capital—[**REDACTED**]" for the respective numbers of Domestic Shares and H Shares held by the relevant controlled corporations immediately before and after the completion of the [**REDACTED**].

(6) As of the Latest Practicable Date, Shenzhen Fortune Gutoubang No. 6 Investment Enterprise (Limited Partnership) (深圳富海股投邦六號投資企業(有限合夥)) and Small and Medium-sized Enterprises Development Fund (Shenzhen Nanshan Limited Partnership) (中小企業發展基金(深圳南山有限合夥)) were ultimately controlled by Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. Under the SFO, Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. is deemed to be interested in the entire Shares held by Shenzhen Fortune Gutoubang No. 6 Investment Enterprise (Limited Partnership) and Small and Medium-sized Enterprises Development Fund (Shenzhen Nanshan Limited Partnership). See "Share Capital—[**REDACTED**]" for the respective numbers of Domestic Shares and H Shares held by the relevant controlled corporations immediately before and after the completion of the [**REDACTED**].

Save as disclosed above and in "Appendix IV—Statutory and General Information" of this document, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] (and the [**REDACTED**] of any additional H Shares pursuant to the [**REDACTED**]), have an interest or short position in the Shares or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of our Group.

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 IFRSs 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 contains 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 an enterprise digitalization solutions provider in China, focusing on offering SaaS financial & tax digitalization and data-driven intelligence solutions. We process a variety of transaction documents, including, among others, invoices, receipts, bills, and other accounting records, that accurately reflect key business transactions of enterprises. Empowered by valuable insights into voluminous transaction data and equipped with advanced big data analytics capabilities, we facilitate the automated and digitalized business decision-making by financial service providers and other enterprise customers.

We have strategically developed our proprietary *Baiwang Cloud* platform, which is an intelligent business platform integrating advanced technologies, such as digital certificate, digital signature, OFD, big data analytics, AI and blockchain. *Baiwang Cloud* enables us to provide customers in an array of industry verticals with reliable, comprehensive and modularized SaaS solutions, including: (1) financial & tax digitalization solutions, delivered in cloud and/or on-premises applications and consisting of e-invoice compliance management, intelligent financial and tax management and intelligent supply chain collaboration solutions, and (2) data-driven intelligence solutions, consisting of digital precision marketing services and risk intelligence services. During the Track Record Period, we generated revenue primarily through charging (i) recurring subscription fees and/or usage-based fees for cloud financial & tax digitalization solutions, (ii) sales-based fees, usage-based fees and/or annual subscription fees for our data-driven intelligence solutions, and (iii) software license fees, one-time implementation fees and annual maintenance fees for on-premises financial & tax digitalization solutions.

We experienced significant growth during the Track Record Period. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, our total revenue was RMB291.1 million, RMB453.8 million, RMB525.8 million, RMB377.3 million and RMB468.4 million, respectively. Our gross profit was RMB134.3 million, RMB216.2 million, RMB214.3 million, RMB156.2 million and RMB136.3 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. We recorded net loss of RMB388.8 million, RMB448.4 million, RMB156.2 million, RMB101.9 million and RMB213.5 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. We recorded adjusted net loss (non-IFRS measure) of RMB41.9 million, RMB16.7 million, RMB70.3 million, RMB61.3 million and RMB125.7 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. See "—Consolidated Statements of Profit or Loss and Other Comprehensive Income—Non-IFRS Measure" for details.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with International Financial Reporting Standards. The historical financial information has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

The preparation of historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates, as well as our management's judgment in applying our accounting policies. We have consistently applied the accounting policies which conform with the International Accounting Standards ("IASs"), the IFRSs, amendments to IFRSs and the related interpretations issued by the IASB that are effective for the accounting period beginning on January 1, 2022 throughout the Track Record Period.

GENERAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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

Development of Our Industries

We derived our revenue primarily from provision of financial & tax digitalization and data-driven intelligence solutions in China during the Track Record Period. Our business, financial condition and results of operations are affected by general factors driving the development of the industries in which we operate. According to the F&S Report, the development of China's financial and tax-related transaction digitalization market is primarily driven by government-initiated tax and e-invoice reforms, including the B2V tax reform and the recent development of Golden Tax Project. Furthermore, the rapid development of compliance and information security technologies enable enterprises to more readily adopt financial & tax digitalization solutions that are reliable and secure. On the other hand, the transaction-based big data analytics for SMB financing is expected to be driven by the growing demand of financial service providers for multi-dimensional data resources. Our ability to anticipate and respond to market development and adapt to the constantly evolving industries will have a significant impact on our future performance.

Favorable Government Policies

Favorable government policies have significantly affected our industries and our business model. The SAT launched the E-Invoice Service Platform (Phase I) Project and implemented the state action plan in light of the recent development of Golden Tax Project, which has propelled the e-invoice reform and brought significant market potential for our industries. We have also capitalized on the market demand created by policies promoting SMB financing to expand our data-driven intelligence solutions. Our ability to anticipate and respond to changes in government policies will have a significant impact on our future performance.

SPECIFIC FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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

Our Ability to Expand Customer Base and Increase Customer Retention and Spending

We generate revenue primarily from the provision of cloud and on-premises solutions for enterprise customers, and therefore, our growth depends, to a large extent, on our ability to attract customers. Leveraging our comprehensive solutions, strong brand reputation and diversified product and service matrix, we have greatly expanded our customer base during the Track Record Period.

In addition, our business growth depends, in part, on our ability to increase the average customer spending on our solutions by pursuing cross- and up-selling opportunities. For instance, the convenience and easy-to-use feature of our cloud financial & tax digitalization solutions have attracted certain customers of our on-premises solutions, which have subscribed to our cloud solutions to supplement their locally deployed software. Moreover, we have fostered a strong and long-lasting bonds with our customers, demonstrated by a high level of customer loyalty during the Track Record Period. As we continue to optimize our solution offerings and upgrade and expand solution functions, we believe we are capable of driving customer loyalty and spending and attracting new customers, thereby achieving sustainable growth in the long term.

Our Ability to Optimize Solution Offering and Mix

Our results of operations depend on our ability to address evolving market demands for our solutions. During the Track Record Period, we generated the majority of revenue from our cloud solutions, consisting of financial & tax digitalization solutions and data-driven intelligence solutions, which in general had a higher profit margin than our on-premises financial & tax digitalization solutions. Furthermore, our cloud financial & tax digitalization solutions had a higher profit margin than our data-driven intelligence solutions during the Track Record Period, while the profit margin of our data-driven intelligence solutions fluctuated during the relevant periods, primarily due to changes in various market factors, including the demands for SMB financing and the risk appetite of financial service providers. Specifically, the profit margin of our digital precision marketing services is affected by the referral fee ratio agreed with our marketing agents, which is further affected by the change in financial product mix that we facilitate in selling. In determining service fee ratios with us, the financial service providers typically factor in the attributes and profitability of the underlying financial products. For instance, service fee ratios for loan products are typically higher than those for credit facility products. During the Track Record Period, our service fee ratios for credit facility products launched by our financial service provider customers ranged from 0.3% to 1.94%, and our service fee ratios for loan products ranged from 0.1% to 2.91%. A majority of our revenue of digital precision marketing services is attributable to credit facility products. Furthermore, financial service providers with user acquisition demands are usually willing to increase the service fee ratios with us to expand user base for their products. Any significant change in our solution offering and mix will likely affect our profitability and results of operations.

Our Ability to Enhance Our Technology Innovation

We operate in industries characterized by continuous advancement in technology. As a result, our results of operations and long-term growth prospects will depend on our ability to develop and adopt technology innovation, which is crucial in keeping our solutions competitive in the market. It also requires unremitting and significant investment in R&D activities and talented R&D personnel. We have developed the key technologies in-house to achieve a solid technology foundation for enhanced solution functionality, such as the OFD template management technology, digital signature management technology and digital certificate management technology. We have dedicated significant resources toward our R&D efforts.

Going forward, we plan to continue to recruit and retain talented R&D personnel and increase investments to curate a new technology platform. Such investments on our R&D capability will increase our research and development expenses, which may impact our results of operations and financial condition. We expect that our strategic focus on product functionality and technological capability will continue to create entry barriers and enhance our market leadership, which in turn will enable us to achieve sustainable business growth.

Our Ability to Control Cost and Expenses

Our ability to effectively control our cost and expenses while achieving expected business growth is critical to our profitability. A significant component of our costs and expenses was staff costs. We believe our future success highly relies on our ability to attract, hire, retain and motivate seasoned employees. Specifically, the constant improvement of the overall quality of our solutions demands sophisticated personnel with experiences in, among others, software development and operation, e-invoice and tax compliance and management, and data analytics and various industry verticals. We expect that our staff costs to continue to increase in line with our business expansion. Our ability to control such costs and expenses may significantly affect our profitability. We have implemented a number of internal procedures to ensure the effectiveness and efficiency of our hiring practice, including review and approval procedures for staff recruitment, and additional staffing and the corresponding budget will require the approval of the head of department and/or the CFO. As we continue to grow our business, we expect to benefit from economies of scale and achieve additional cost savings to improve our overall profitability.

In addition to staff costs, we have incurred substantial commission fees to market our solutions and our customers' financial products. We have developed an extensive business collaborator network to leverage their local or platform resources to more effectively market our cloud financial & tax digitalization solutions and marketing agents to further promote our digital precision marketing services. We strive to control our referral fees and commission by relying more on our in-house sales network for our financial & tax digitalization solutions and tapping into the massive base of our non-paying users for our digital precision marketing services.

OUR KEY OPERATING DATA

The following table sets forth certain key operating metrics of our cloud financial & tax digitalization solutions for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
Cloud financial & tax digitalization solutions					
Number of customers					
— KA customers	164	205	217	168	218
— Mid-market customers	9,740	12,163	14,591	13,406	18,687
Number of non-paying users (in million)	8.4	7.7	17.0	15.0	23.6
Number of tax identification numbers served (in million)	36.0	35.3	40.5	33.0	43.1
Dollar-based retention rate for KA customers	103.3%	119.7%	104.4%	N/A	N/A
Average revenue per customer (RMB in thousands)	12.5	12.7	10.7	8.7	6.8

The number of non-paying users and the number of tax identification numbers served by us slightly decreased in 2021, due to the decrease in user usage of our complimentary services, primarily caused by market competition and deteriorated operational conditions of our non-paying users. The number of our non-paying users surged in 2022, primarily due to our enhanced marketing efforts to attract non-paying users. Our dollar-based retention rate for KA customers decreased in 2022, primarily due to delay in project delivery as a result of the COVID-19 pandemic. Such decrease was also partially attributable to the decrease in average customer spending in 2022, primarily due to the decrease in customer demand for digital invoice-related services as a result of the delayed implementation of the digital invoice reform during the COVID-19 pandemic.

The following table sets forth certain key operating metrics of our data-driven intelligence solutions for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
Data-driven intelligence solutions					
Number of customers	68	91	101	93	88
Average revenue per customer (RMB in thousands)	926.1	1,962.6	2,609.1	2,044.7	3,047.4
Number of viewing requests fulfilled for enterprise operation reports (in millions)	1.7	15.5	13.0	10.1	12.3
Number of enterprises included in the enterprise operation reports delivered (in thousands)	578.6	1,318.5	1,553.0	1,258.9	2,233.4
Value of financial product sales facilitated by us in connection with digital precision marketing services (RMB in billion)	4.0	14.7	29.6	20.5	35.6

The number of customers for our data-driven intelligence solutions decreased from 93 in the nine months ended September 30, 2022 to 88 in the nine months ended September 30, 2023, primarily because we had been adjusting the service delivery model for our enterprise operation reporting services and restructuring our service contracts. See "Business—Cloud Solutions—Data-driven Intelligence Solutions—Risk Intelligence Services—Enterprise Operation Reporting Services" for details on the service delivery model adjustment and its impact on our operations. The average revenue per customer for our data-driven intelligence solutions increased from RMB2.0 million in the nine months ended September 30, 2022 to RMB3.0 million in the nine months ended September 30, 2023, primarily due to the combined effect of our business growth and customer concentration caused by our service delivery model adjustment. The number of enterprises included in the enterprise operation reports delivered generally increased during the Track Record Period, primarily due to the increase in customer demand for our reports and our expanded access to enterprises with financing needs. The value of financial product sales facilitated by us in connection with digital precision marketing services significantly increased during the Track Record Period primarily due to our broadened access to potential financial product users as a result of our collaboration with marketing agents and the increase in SMB financing needs.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Our significant accounting policies 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 the accounting policies involve subjective assumptions and estimates, as well as complex judgements 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 (1) our selection of critical accounting policies, (2) the judgment and other uncertainties affecting the application of such policies, and (3) the sensitivity of reported results to changes in conditions and assumptions.

Revenue Recognition

We recognize revenue when performance obligation is satisfied, i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met: (1) the customer simultaneously receives and consumes the benefits provided by our performance as we perform; (2) our performance creates or enhances an asset that the customer controls as we perform; or (3) our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service. For further details of revenue recognition from contracts with customers, and from specific major sources of revenue, see Note 4.4 to the Accountants' Report in Appendix I to this document.

Equity-settled Share-based Payment Transactions

We have granted equity-settled share-based payment to our employees, as detailed in Note 36 to the Accountants' Report in Appendix I to this document. Equity-settled share-based payments to employees 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 using graded vesting method over the vesting period, based on our estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserves). 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 share-based payments reserves. For share options/other share incentives that vest immediately at the date of grant, the fair value of the share options/other share incentives granted is expensed immediately to profit or loss. See Note 4.11 to the Accountants' Report in Appendix I to this document.

Financial Instruments

Financial assets and financial liabilities are recognized when an entity within our Group becomes a party to the contractual provisions of the instrument. All ordinary purchases or sales of financial assets are recognized and derecognized on a trade date basis. 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. A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, we currently have a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Financial Assets at FVTPL

Financial assets at fair value through profit or loss ("FVTPL") are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in "other gains and losses." We perform impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, amounts due from related parties, and bank balances) which are subject to impairment assessment 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 ("12m 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 is 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 and amounts due from related parties of trade nature (excluding the prepayments to related parties, where applicable). The ECL on these assets are assessed individually for debtors with significant balances or credit impaired and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, we measure the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition in which case, we recognize lifetime ECL.

Financial Liabilities and Equity

Financial liabilities and equity instruments issued by an entity within our Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by us are recorded as the proceeds received, net of direct issue costs. Shares with preferential rights subject to mandatory redemption in cash at the option exercisable by holders by agreed date are classified as financial liabilities. Financial liabilities are classified as at FVTPL when the financial liability is (1) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (2) held for trading or (3) it is designated as at FVTPL. A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if: (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; (ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with our documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Provision for Expected Credit Losses on Trade Receivables

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. We use a practical expedient in estimating ECL on trade receivables and amounts due from related parties of trade nature using a provision matrix, taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to us in accordance with the contract and the cash flows that we expect to receive, discounted at the effective interest rate determined at initial recognition. For collective assessment, we take into consideration the following characteristics when formulating the grouping: (1) past-due status; (2) nature, size and industry of debtors; and (3) external credit ratings when available. The grouping is regularly reviewed by the Directors to ensure the constituents of each group continue to share similar credit risk characteristics.

We recognize an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognized through a loss allowance account. The information about the ECLs on our trade receivables are disclosed in Note 39 to the Accountants' Report in Appendix I to this document.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table set forth a summary of our consolidated statements of profit or loss for the year/period indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Revenue	291,115	100.0	453,763	100.0	525,765	100.0	377,253	100.0	468,442	100.0
Cost of sales	(156,807)	(53.9)	(237,600)	(52.4)	(311,475)	(59.2)	(221,026)	(58.6)	(332,121)	(70.9)
Gross profit	134,308	46.1	216,163	47.6	214,290	40.8	156,227	41.4	136,321	29.1
Other income	2,741	0.9	2,700	0.6	9,875	1.9	5,208	1.4	2,777	0.6
Impairment losses under ECL model, net of reversal	(792)	(0.3)	(1,751)	(0.4)	(1,217)	(0.2)	(1,588)	(0.4)	(1,283)	(0.3)
Other gains and losses	(1,283)	(0.4)	(1,301)	(0.3)	(2,330)	(0.4)	(2,293)	(0.6)	(989)	(0.2)
Research and development expenses	(114,137)	(39.2)	(137,777)	(30.4)	(144,281)	(27.4)	(108,514)	(28.8)	(135,460)	(28.9)
Administrative expenses	(56,011)	(19.2)	(137,091)	(30.2)	(73,504)	(14.0)	(55,594)	(14.7)	(144,938)	(30.9)
[**REDACTED**]	—	—	(6,366)	(1.4)	(16,307)	(3.1)	(10,087)	(2.7)	(18,642)	(4.0)
Distribution and selling expenses	(77,901)	(26.8)	(132,725)	(29.2)	(98,876)	(18.8)	(69,234)	(18.4)	(149,137)	(31.8)
Operating loss	(113,075)	(38.8)	(198,148)	(43.7)	(112,350)	(21.4)	(85,875)	(22.8)	(311,351)	(66.5)
Finance income	3,940	1.4	10,583	2.3	10,314	2.0	8,005	2.1	5,474	1.2
Finance costs	(738)	(0.3)	(243)	(0.1)	(1,567)	(0.3)	(1,218)	(0.3)	(806)	(0.2)
Fair value changes of financial assets and liabilities at FVTPL	(285,910)	(98.2)	(265,523)	(58.5)	(53,491)	(10.2)	(20,309)	(5.4)	97,798	20.9
Share of results of associates and joint ventures	6,983	2.4	4,958	1.1	1,069	0.2	(2,347)	(0.6)	(4,524)	(1.0)

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Loss before tax	(388,800)	(133.6)	(448,373)	(98.8)	(156,025)	(29.7)	(101,744)	(27.0)	(213,409)	(45.6)
Income tax expenses	—	—	—	—	(199)	(0.0)	(121)	(0.0)	(48)	(0.0)
Loss and total comprehensive expense for the year/period	(388,800)	(133.6)	(448,373)	(98.8)	(156,224)	(29.7)	(101,865)	(27.0)	(213,457)	(45.6)
Attributable to										
— Owners of the Company	(388,800)	(133.6)	(446,938)	(98.5)	(153,501)	(29.2)	(99,690)	(26.4)	(212,270)	(45.3)
— Non-controlling interests	—	—	(1,435)	(0.3)	(2,723)	(0.5)	(2,175)	(0.6)	(1,187)	(0.3)
	(388,800)	(133.6)	(448,373)	(98.8)	(156,224)	(29.7)	(101,865)	(27.0)	(213,457)	(45.6)
Loss per share attributable to owners of the company										
— Basic and diluted (RMB)	(2.78)	—	(3.19)	—	(1.10)	—	(0.71)	—	(1.52)	—

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRSs. We believe this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which our management considers non-indicative of our operating performance, such as certain non-cash items. We believe this measure provides useful information to [**REDACTED**] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRSs.

We define adjusted net loss (non-IFRS measure) as net loss for the year, adjusted by adding non-recurring or non-operating items, including share-based payment expenses, [**REDACTED**], and fair value changes of financial liabilities at FVTPL relating to shares with preferential rights issued by us. Share-based payments are non-operating expenses arising from granting restricted share units and options to senior management and employees. The decision to make grants is discretionary and does not form a sustained pattern of recurrence, and the amount of grants may not directly correlate with the underlying performance of our business operations. Fair value changes of financial liabilities at FVTPL represent fair value changes relating to shares with preferential rights issued by us. We do not expect to record any fair value changes in such instruments following the completion of the [**REDACTED**]. See Note 33 to the Accountants' Report in Appendix I to this document for details.

The following table reconciles our adjusted net loss (non-IFRS measure) for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRSs:

	Year ended December 31,			**Nine months ended September 30,**	
	2020	**2021**	**2022**	**2022**	**2023**
	(RMB in thousands)				
				(unaudited)	
Reconciliation of net loss to adjusted net loss:					
Loss for the year/period	(388,800)	(448,373)	(156,224)	(101,865)	(213,457)
Add					
Share-based payment expenses	49,772	161,418	10,469	7,511	163,691
[**REDACTED**]	—	6,366	16,307	10,087	18,642
Fair value changes of financial liabilities at FVTPL – shares with preferential rights	297,114	263,850	59,153	23,005	(94,536)
Adjusted net loss (non-IFRS measure)	(41,914)	(16,739)	(70,295)	(61,262)	(125,660)

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue from (1) cloud solutions, which include cloud financial & tax digitalization solutions and data-driven intelligence solutions, (2) on-premises financial & tax digitalization solutions, and (3) other services. The following table sets forth a breakdown of our revenue by business lines, both in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(unaudited)			
Cloud solutions	187,145	64.3	335,212	73.9	421,515	80.2	308,238	81.7	397,333	84.8
Financial & tax digitalization solutions	124,173	42.7	156,615	34.5	157,996	30.1	118,078	31.3	129,158	27.6
Data-driven intelligence solutions	62,972	21.6	178,597	39.4	263,519	50.1	190,160	50.4	268,175	57.2
— *Digital precision marketing services*	28,109	9.6	94,603	20.9	170,229	32.4	122,360	32.4	179,049	38.2
— *Risk intelligence services*	34,863	12.0	83,994	18.5	93,290	17.7	67,800	18.0	89,126	19.0
On-premises financial & tax digitalization solutions	96,861	33.3	110,168	24.3	93,491	17.8	60,280	16.0	68,910	14.7
Others[(1)]	7,109	2.4	8,383	1.8	10,759	2.0	8,735	2.3	2,199	0.5
Total	291,115	100.0	453,763	100.0	525,765	100.0	377,253	100.0	468,442	100.0

(1) Includes primarily advertisement publishing services.

Revenue Generated from Cloud Solutions

Revenue Generated from Cloud Financial & Tax Digitalization Solutions

In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we derived revenue from our cloud financial & tax digitalization solutions of RMB124.2 million, RMB156.6 million, RMB158.0 million, RMB118.1 million and RMB129.2 million, respectively, accounting for 42.7%, 34.5%, 30.1%, 31.3% and 27.6% of our total revenue in the same periods, respectively. Our cloud financial & tax compliance solutions comprise e-invoice compliance management solutions, intelligent financial and tax management solutions and intelligent supply chain collaboration solutions, which can be subscribed separately or in combination. We typically enter into framework agreements with customers of our cloud financial & tax digitalization solutions, the terms of which generally range from one to five years. The framework agreements set forth the subscribed and purchased solutions and their respective payment terms.

E-invoice compliance management solutions. Our e-invoice compliance management solutions provide customers with full-cycle e-invoice management functions, including e-invoice processing and e-invoice compliance services. Revenue from e-invoice compliance management solutions consisted primarily of subscription fees to access our solutions. Revenue is recognized ratably over the term of the framework agreement, and subscription fees are typically settled by customers annually.

Intelligent financial and tax management solutions. Our intelligent financial and tax management solutions provide customers with enterprise spending management services, electronic accounting archive services and tax filing management services. Revenue from intelligent financial and tax management solutions typically consisted of subscription fees and usage-based fees. For subscription fees, revenue is recognized ratably over the term of the framework agreement, and the subscription fees are typically settled by customers annually. For usage-based fees, we typically charge customers based on the number of invoices processed and/or processing requests fulfilled.

Intelligent supply chain collaboration solutions. Our intelligent supply chain collaboration solutions provide customers with reconciliation and billing management services and contingent workforce management services. Revenue from intelligent supply chain collaboration solutions consisted of subscription fees and volume-based fees. The subscription fee model applies to reconciliation and billing management services, and customers have access to our services during the term of the framework agreement. Subscription fees are typically settled by customers annually. The volume-based fee model applies to contingent workforce management services, and we charge customers based on the amount of remuneration settled with the individual service providers using our services.

Implementation services. We generated revenue from providing on-demand services implementation services in relation to our cloud financial & tax digitalization solutions, which is charged based on a number of factors, including the number of technical specialists staffed on a given project and the duration of the project.

Revenue Generated from Data-driven Intelligence Solutions

In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we generated revenue from our data-driven intelligence solutions of RMB63.0 million, RMB178.6 million, RMB263.5 million, RMB190.2 million and RMB268.2 million, respectively, accounting for 21.6%, 39.4%, 50.1%, 50.4% and 57.2% of our total revenue in the same periods, respectively. Our data-driven intelligence solutions primarily comprise digital precision marketing services and risk intelligence services.

Digital precision marketing services. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we generated revenue from our digital precision marketing services of RMB28.1 million, RMB94.6 million, RMB170.2 million, RMB122.4 million and RMB179.0 million, respectively, accounting for 9.6%, 20.9%, 32.4%, 32.4% and 38.2% of our total revenue in the same periods, respectively. For digital precision marketing services, we charge financial service providers based on the value of financial products that we facilitate in selling.

Risk intelligence services. Our risk intelligence services comprise enterprise operation reporting services, user analytics services, risk analytics services, and intelligent procurement optimization services. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we generated revenue from our risk intelligence services of RMB34.9 million, RMB84.0 million, RMB93.3 million, RMB67.8 million and RMB89.1 million, respectively, accounting for 12.0%, 18.5%, 17.7%, 18.0% and 19.0% of our total revenue in the same periods, respectively. We generated a substantial portion of the revenue from our risk intelligence services from the provision of our enterprise operation reporting services during the Track Record Period. For enterprise operation reporting services delivered pursuant to the pre-adjustment service delivery model, we charge financial service providers primarily based on the number of enterprises included in the enterprise operation reports delivered. To a lesser extent, we also provide annual subscription package under the pre-adjustment service delivery model, for which financial service providers pay a fixed fee for a pre-determined number of enterprises to be included the enterprise operation reports during the subscription period. For enterprise operation reporting services delivered pursuant to the adjusted service delivery model, we receive service fees from licensed credit reporting agencies, equal to the product of a pre-determined ratio as agreed between us and the licensed credit reporting agencies and the service fees received by licensed credit reporting agencies from the relevant financial service providers. For user analytics services, we charge financial service providers based on the number of enterprises on the list of potential financial product users. For our risk analytics services, we primarily charge a project-based fee.

Revenue Generated from On-premises Financial & Tax Digitalization Solutions

In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we generated revenue from our on-premises financial & tax digitalization solutions of RMB96.9 million, RMB110.2 million, RMB93.5 million, RMB60.3 million and RMB68.9 million, respectively, accounting for 33.3%, 24.3%, 17.8%, 16.0% and 14.7% of our total revenue in the same periods, respectively. We charge (1) software license fees for customers to access and use our solutions, (2) implementation and maintenance service fees, and (3) hardware equipment purchase fees.

Revenue Generated from Other Services

Other services include primarily advertisement publishing services, which are charged with performance fee based on the number of clicks on the advertisement published on our WeChat official accounts and e-invoice review portal or, to a lesser extent, a fixed fee for the duration of the service period. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we generated revenue from our other services of RMB7.1 million, RMB8.4 million, RMB10.8 million, RMB8.7 million and RMB2.2 million, respectively, accounting for 2.4%, 1.8%, 2.0%, 2.3% and 0.5% of our total revenue in the same periods, respectively.

Cost of Sales

Our cost of sales primarily consisted of (1) referral fees, representing fees paid to our marketing agents for digital precision marketing services, (2) staff costs, consisting of salaries and other employee benefits for our product and operations personnel, (3) cloud service fees, representing primarily costs associated with leased cloud infrastructure that supports the operation of our cloud solutions, (4) hardware costs, (5) share-based payment expenses arising from the grants of options and restricted share units to our products and operations personnel, and (6) other costs. Our cost of sales was RMB156.8 million, RMB237.6 million, RMB311.5 million, RMB221.0 million and RMB332.1 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. The following table sets forth a breakdown of our cost of sales by nature, both in absolute amount and as a percentage of total cost of sales, for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(unaudited)			
Referral fees	24,493	15.6	64,204	27.0	153,605	49.3	109,345	49.5	165,128	49.7
Staff costs	55,383	35.3	86,349	36.3	84,607	27.2	58,257	26.4	85,051	25.6
Cloud service fees	45,775	29.2	43,080	18.1	47,040	15.1	33,570	15.2	50,444	15.2
Share-based payment expenses	4,499	2.9	18,719	7.9	2,031	0.6	1,485	0.7	8,678	2.6
Hardware costs	14,886	9.5	11,307	4.8	8,105	2.6	5,779	2.6	6,306	1.9
Others[(1)]	11,771	7.5	13,941	5.9	16,087	5.2	12,590	5.7	16,514	5.0
Total	156,807	100.0	237,600	100.0	311,475	100.0	221,026	100.0	332,121	100.0

(1) Includes primarily depreciation and amortization in relation to intangible assets, property, plant and equipment, right-of-use assets, and information security hardware, traveling expenses, and outsourcing expenses.

During the Track Record Period, we incurred significant referral fees of RMB24.5 million, RMB64.2 million, RMB153.6 million, RMB109.3 million and RMB165.1 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively, primarily due to the expansion of the business scale of our digital precision marketing services and our continual engagement of marketing agents. The number of financial product users referred by marketing agents that ultimately submitted applications for financial products was 54.7 thousand, 109.7 thousand, 160.9 thousand, 108.6 thousand and 158.0 thousand in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. Financial product users typically prefer credit facility products over loan products, primarily because credit facility products can more flexibly meet financial product users' financing needs in terms of borrowing amounts and interest rates. Due to such market preference, a majority of our revenue from digital precision marketing services was attributable to credit facility products, and the value of credit facility products that we facilitated in selling continuously increased during the Track Record Period and was RMB2.4 billion, RMB10.9 billion, RMB25.8 billion, RMB17.5 billion and RMB33.7 billion in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively, accounting for 59.8%, 74.3%, 87.3%, 85.5% and 94.6% of the total value of financial products that we facilitated in selling in the same periods, respectively. Our average referral fee ratio for credit facility products with marketing agents was 0.49%, 0.37%, 0.51%, 0.52% and 0.47% in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. Our average referral fee ratio for loan products with marketing agents was 0.45%, 0.71%, 0.78%, 0.77% and 0.75% in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Our hardware costs generally decreased, primarily because the continuous implementation of the Golden Tax project and the digital invoice reform gradually lowered enterprise needs for information security hardware for invoice issuance purposes after the adoption of digital invoices.

The following table sets forth a breakdown of our cost of sales by business lines, both in absolute amount and as a percentage of total cost of sales, for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(unaudited)			
Cloud solutions	90,515	57.8	162,091	68.2	245,901	78.9	180,576	81.7	269,002	81.0
— Financial & tax digitalization	51,025	32.6	74,314	31.3	70,745	22.7	54,353	24.6	75,524	22.7
— Data-driven intelligence	39,490	25.2	87,777	36.9	175,156	56.2	126,223	57.1	193,478	58.3
On-premises financial & tax digitalization solutions	65,623	41.8	74,430	31.3	62,898	20.2	38,649	17.5	61,019	18.4
Others	669	0.4	1,079	0.5	2,676	0.9	1,801	0.8	2,100	0.6
Total	156,807	100.0	237,600	100.0	311,475	100.0	221,026	100.0	332,121	100.0

Gross Profit and Gross Profit Margin

Our gross profit was RMB134.3 million, RMB216.2 million, RMB214.3 million, RMB156.2 million and RMB136.3 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively, representing a gross profit margin of 46.1%, 47.6%, 40.8%, 41.4% and 29.1% in the same periods, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by business lines for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	Gross profit	Gross Profit Margin (%)	Gross profit	Gross Profit Margin (%)	Gross profit	Gross Profit Margin (%)	Gross profit	Gross Profit Margin (%)	Gross profit	Gross Profit Margin (%)
	(RMB in thousands except for percentages)									
							(unaudited)			
Cloud solutions	96,630	51.6	173,121	51.6	175,614	41.7	127,662	41.4	128,331	32.3
Financial & tax digitalization solutions	73,148	58.9	82,301	52.5	87,251	55.2	63,725	54.0	53,634	41.5
Data-driven intelligence solutions	23,482	37.3	90,820	50.9	88,363	33.5	63,937	33.6	74,697	27.9
— *Digital precision marketing services*	3,136	11.2	29,073	30.7	14,377	8.4	11,564	9.5	12,632	7.1
— *Risk intelligence services*	20,346	58.4	61,747	73.5	73,986	79.3	52,373	77.2	62,065	69.6
On-premises financial & tax digitalization solutions	31,238	32.3	35,738	32.4	30,593	32.7	21,631	35.9	7,891	11.5
Others	6,440	90.6	7,304	87.1	8,083	75.1	6,934	79.4	99	4.5
Total	134,308	46.1	216,163	47.6	214,290	40.8	156,227	41.4	136,321	29.1

During the Track Record Period, the gross profit margin for our digital precision marketing services increased from 11.2% in 2020 to 30.7% in 2021, primarily due to the increase in our revenue growth of digital precision marketing services and the decrease in average referral fee ratio with respect to credit facility products from 0.49% in 2020 to 0.37% in 2021. The gross profit margin for digital precision marketing services decreased from 30.7% in 2021 to 8.4% in 2022 and from 9.5% in the nine months ended September 30, 2022 to 7.1% in the nine months ended September 30, 2023, primarily due to the increase in sales of credit facility products facilitated by us, which typically had a lower profit margin.

Other Income

Our other income primarily consisted of tax refund in the form of additional deduction from VAT payable allowed for by government authorities during the Track Record Period. We recorded other income of RMB2.7 million, RMB2.7 million, RMB9.9 million, RMB5.2 million and RMB2.8 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. The following table sets forth a breakdown of our other income, both in absolute amount and as a percentage of total other income, for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(unaudited)			
Tax refund	1,905	69.5	1,688	62.5	5,365	54.3	3,287	63.1	1,747	62.9
Government grants	802	29.3	1,010	37.4	4,206	42.6	1,722	33.1	1,030	37.1
Others	34	1.2	2	0.1	304	3.1	199	3.8	—	—
Total	2,741	100.0	2,700	100.0	9,875	100.0	5,208	100.0	2,777	100.0

Impairment Losses under ECL model, Net of Reversal

Our impairment losses under ECL model, net of reversal, primarily related to our trade receivables, other receivables and contract assets. Our impairment losses under ECL model, net of reversal, were RMB0.8 million, RMB1.8 million, RMB1.2 million, RMB1.6 million and RMB1.3 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Other Gains and Losses

Our other gains and losses primarily consisted of (1) gain on partial disposal of investment in an associate, (2) loss on disposal of property, plant and equipment, and (3) provisions in connection with certain ongoing litigations. We recorded other losses of RMB1.3 million, RMB1.3 million, RMB2.3 million, RMB2.3 million and RMB1.0 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Research and Development Expenses

Our research and development expenses primarily consisted of (1) staff costs, representing wages, salaries and other benefits for our R&D personnel, (2) share-based payment expenses, arising from the grants of share options and restricted share units to our R&D personnel, and (3) depreciation and amortization, representing the depreciation of our R&D equipment and facilities and right-of-use assets representing office premises of our R&D department and the amortization of the software used in our R&D activities. Our research and development expenses, as a percentage of our total revenue, were 39.2%, 30.4%, 27.4%, 28.8% and 28.9% in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. 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 periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(unaudited)			
Staff costs	85,902	75.3	113,171	82.1	126,956	88.0	94,865	87.4	105,447	77.8
Share-based payment expenses	17,441	15.3	14,428	10.5	4,775	3.3	3,298	3.0	20,796	15.4
Depreciation and amortization	5,658	5.0	5,512	4.0	5,272	3.7	4,077	3.8	3,766	2.8
Others[1]	5,136	4.4	4,666	3.4	7,278	5.0	6,274	5.8	5,451	4.0
Total	114,137	100.0	137,777	100.0	144,281	100.0	108,514	100.0	135,460	100.0

(1) Includes primarily outsourcing expenses, rental expenses, office expenses, professional service fees, and traveling expenses.

Administrative Expenses

Our administrative expenses primarily consisted of (1) staff costs, representing wages, salaries and other benefits for our administrative personnel, (2) traveling and promotion expenses incurred by our administrative personnel, (3) professional service fees for legal counsels and tax consultants, (4) outsourcing expenses, (5) rental expenses, (6) office expenses, (7) share-based payment expenses, arising from the grants of share options and restricted share units to our administrative personnel, and (8) depreciation and amortization, representing the depreciation of our equipment and facilities used by, and right-of-use assets representing office premises of, our administrative department and the amortization of the software used in our administrative activities. Our administrative expenses, as a percentage of our total revenue, were 19.2%, 30.2%, 14.0%, 14.7% and 30.9% in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. 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 periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(unaudited)			
Share-based payment expenses	13,650	24.4	82,744	60.4	2,288	3.1	1,556	2.8	77,677	53.6
Staff costs	26,107	46.6	35,362	25.8	42,873	58.3	32,539	58.5	44,151	30.5
Traveling and promotion expenses	5,425	9.7	4,746	3.5	7,942	10.8	6,689	12.0	7,111	4.9
Professional service fees	6,134	10.9	7,870	5.7	6,608	9.0	5,916	10.6	4,680	3.2
Rental expenses	1,018	1.8	1,859	1.4	3,965	5.4	2,703	4.9	3,732	2.6
Office expenses	1,684	3.0	1,938	1.4	2,899	3.9	1,888	3.4	2,982	2.1
Outsourcing expenses	197	0.4	201	0.1	4,475	6.1	2,923	5.3	2,237	1.5
Depreciation and amortization	1,574	2.8	1,701	1.2	1,729	2.4	1,095	2.0	1,743	1.2
Others	222	0.4	670	0.5	725	1.0	285	0.5	625	0.4
Total	56,011	100.0	137,091	100.0	73,504	100.0	55,594	100.0	144,938	100.0

Distribution and Selling Expenses

Our distribution and selling expenses primarily consisted of (1) staff costs, representing wages, salaries and other benefits for our distribution and selling personnel, (2) traveling and marketing expenses, representing expenses incurred by our sales personnel for distribution and selling activities, (3) commission fees paid to business collaborators for marketing and promoting our cloud financial & tax digitalization solutions, (4) depreciation, representing the depreciation of our equipment and facilities used by our sales department and right-of-use assets representing office premises of our sales department, and (5) share-based payment expenses, arising from the grants of share options and restricted share units to our sales personnel. Our distribution and selling expenses as a percentage of our total revenue, was 26.8%, 29.2%, 18.8%, 18.4% and 31.8% in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. The following table sets forth a breakdown of our distribution and selling expenses, both in absolute amount and as a percentage of total distribution and selling expenses, for the periods indicated.

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)									
							(unaudited)			
Share-based payment expenses	14,182	18.2	45,527	34.3	1,375	1.4	1,172	1.7	56,540	37.9
Staff costs	49,150	63.1	64,424	48.5	67,304	68.1	47,031	67.9	64,104	43.0
Traveling and marketing expenses	7,718	9.9	11,406	8.6	13,562	13.7	9,974	14.4	14,989	10.1
Commission fees	2,027	2.6	6,568	4.9	9,055	9.2	5,134	7.4	5,928	4.0
Depreciation	3,321	4.3	3,385	2.6	3,696	3.7	2,971	4.3	2,890	1.9
Others[(1)]	1,503	1.9	1,415	1.1	3,884	3.9	2,952	4.3	4,686	3.1
Total	77,901	100.0	132,725	100.0	98,876	100.0	69,234	100.0	149,137	100.0

(1) Includes primarily office and rental expenses, outsourcing expenses, and professional service fees.

[**REDACTED**]

Our [**REDACTED**] represented professional fees and related expenses incurred in connection with this [**REDACTED**]. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we incurred nil, RMB6.4 million, RMB16.3 million, RMB10.1 million and RMB18.6 million in [**REDACTED**], respectively.

Finance Income

Our finance income represented primarily interest income arising from bank deposits. We recorded finance income of RMB3.9 million, RMB10.6 million, RMB10.3 million, RMB8.0 million and RMB5.5 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Finance Costs

Our finance costs represented primarily interest expenses on lease liabilities. We recorded finance costs of RMB0.7 million, RMB0.2 million, RMB1.6 million, RMB1.2 million and RMB0.8 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Fair Value Changes of Financial Assets and Liabilities at FVTPL

Our financial assets at FVTPL were (1) wealth management products issued by banks, (2) investments in associates with preferential rights, and (3) arrangement/right to receive additional shares at nominal consideration. Our financial liabilities at FVTPL primarily represented our shares with preferential rights issued to investors. We recorded fair value losses of financial assets and liabilities at FVTPL of RMB285.9 million, RMB265.5 million, RMB53.5 million, and RMB20.3 million in 2020, 2021, 2022 and the nine months ended September 30, 2022. We recorded fair value gain of financial assets and liabilities at FVTPL of RMB97.8 million in the nine months ended September 30, 2023.

Share of Results of Associates and Joint Ventures

We recorded share of results of associates and joint ventures of RMB7.0 million, RMB5.0 million, RMB1.1 million, RMB2.3 million and RMB4.5 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Income Tax Expenses

Pursuant to the EIT Law and related regulations, enterprises which operate in China are generally subject to enterprise income tax at a rate of 25% on the taxable profit. Enterprises recognized as a "High and New Technology Enterprise" ("HNTE") are entitled to a preferential tax rate of 15% for three years as long as the HNTE status is valid, and qualifying entities may re-apply for an additional three years provided that their business operations continue to qualify for the HNTE status. Baiwang Co., Ltd. was recognized as an HNTE in 2019 and in 2022 for a term of three years from 2019 to 2021 and from 2022 to 2025, respectively. As a result, Baiwang Co., Ltd. was subject to the preferential tax rate of 15% during the Track Record Period.

In addition, according to relevant laws and regulations promulgated by the State Council, enterprises engaging in R&D activities are entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The SAT announced that enterprises engaging in R&D activities shall be entitled to claim 175% of their research and development expenses as Super Deduction from January 1, 2018 to December 31, 2020, which was further extended to December 31, 2023. From October 1, 2022 to December 31, 2022, the Super Deduction ratio has increased to 200%. We have made our best estimate for the Super Deduction to be claimed in ascertaining assessable profits. For the risks relating to preferential tax treatments, see "Risk Factors—Risks Relating to Our Business and Industry—Preferential tax treatments and government grants currently available to us in the PRC could be discontinued or reduced."

We recorded income tax expenses of nil, nil, RMB0.2 million, RMB0.1 million and RMB48,000 in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. Our effective tax rate, representing income tax expense divided by loss before taxation, was nil, nil, 0.1%, 0.1% and 0.0% in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively, primarily due to our loss before tax and the preferential tax treatment enjoyed by us. During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes and there were no matters in dispute or unresolved with the relevant tax authorities.

Loss for the Year/Period

As a result of the foregoing, we recorded net loss of RMB388.8 million, RMB448.4 million, RMB156.2 million, RMB101.9 million and RMB213.5 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Revenue

Our revenue increased by 24.2% from RMB377.3 million in the nine months ended September 30, 2022 to RMB468.4 million in the nine months ended September 30, 2023.

Cloud solutions. Our revenue generated from cloud solutions increased by 28.9% from RMB308.2 million in the nine months ended September 30, 2022 to RMB397.3 million in the nine months ended September 30, 2023. Revenue generated from cloud financial & tax digitalization solutions increased from RMB118.1 million in the nine months ended September 30, 2022 to RMB129.2 million in the nine months ended September 30, 2023, primarily due to the increase in the number of mid-market and KA customers for our cloud financial & tax digitalization solutions. Revenue generated from data-driven intelligence solutions increased by 41.0% from RMB190.2 million in the nine months ended September 30, 2022 to RMB268.2

million in the nine months ended September 30, 2023, primarily because (1) revenue generated from digital precision marketing services increased by 46.3%, primarily due to the increase in the value of financial products we facilitated in selling from RMB20.5 billion in the nine months ended September 30, 2022 to RMB35.6 billion in the nine months ended September 30, 2023, and (2) revenue generated from risk intelligence services increased by 31.5%, primarily as a result of the increase in the number of enterprises included in our enterprise operation reports delivered from 1.3 million in the nine months ended September 30, 2022 to 2.2 million in the nine months ended September 30, 2023, driven by increasing customer demand and the nationwide promotion of SMB financing.

On-premises financial & tax digitalization solutions. Our revenue generated from on-premises financial & tax digitalization solutions increased by 14.3% from RMB60.3 million in the nine months ended September 30, 2022 to RMB68.9 million in the nine months ended September 30, 2023, primarily due to the increase in average customer spending on our on-premises solutions from RMB49.2 thousand in the nine months ended September 30, 2022 to RMB64.9 thousand in the nine months ended September 30, 2023.

Others. Our revenue generated from other services decreased by 74.8% from RMB8.7 million in the nine months ended September 30, 2022 to RMB2.2 million in the nine months ended September 30, 2023, primarily due to our strategic adjustment of business focus on our other solutions.

Cost of sales

Our cost of sales increased by 50.3% from RMB221.0 million in the nine months ended September 30, 2022 to RMB332.1 million in the nine months ended September 30, 2023.

Cloud solutions. Our cost of sales relating to cloud solutions increased by 49.0% from RMB180.6 million in the nine months ended September 30, 2022 to RMB269.0 million in the nine months ended September 30, 2023. Our cost of sales relating to cloud financial & tax digitalization solutions increased by 39.0% from RMB54.4 million in the nine months ended September 30, 2022 to RMB75.5 million in the nine months ended September 30, 2023, primarily due to the increase in associated cloud service fees as a result of the increase in our service usage and the increase in associated staff costs due to the increase in staff headcount. Our cost of sales relating to data-driven intelligence solutions increased by 53.3% from RMB126.2 million in the nine months ended September 30, 2022 to RMB193.5 million in the nine months ended September 30, 2023, primarily due to the increase in our referral fees from RMB109.3 million in the nine months ended September 30, 2022 to RMB165.1 million in the nine months ended September 30, 2023 as a result of the growth in the business scale of our digital precision marketing services.

On-premises financial & tax digitalization solutions. Our cost of sales relating to on-premises financial & tax digitalization solutions increased by 57.9% from RMB38.6 million in the nine months ended September 30, 2022 to RMB61.0 million in the nine months ended September 30, 2023, primarily due to the increase in staff costs associated with on-premises solutions.

Others. Our cost of sales relating to other services remained relatively stable at RMB1.8 million in the nine months ended September 30, 2022 and RMB2.1 million in the nine months ended September 30, 2023.

Gross profit and gross profit margin

Our gross profit decreased by 12.7% from RMB156.2 million in the nine months ended September 30, 2022 to RMB136.3 million in the nine months ended September 30, 2023, and our gross profit margin decreased from 41.4% in the nine months ended September 30, 2022 to 29.1% in the nine months ended September 30, 2023.

Cloud solutions. Our gross profit margin for cloud solutions decreased from 41.4% in the nine months ended September 30, 2022 to 32.3% in the nine months ended September 30, 2023. Our gross profit margin for cloud financial & tax digitalization solutions decreased from 54.0% in the nine months ended September 30, 2022 to 41.5% in the nine months ended September 30, 2023, primarily because the increase in our cost of sales, especially our cloud service fees and staff costs, outpaced our revenue growth for cloud financial & tax digitalization solutions. Our gross profit margin for data-driven intelligence solutions decreased from 33.6% in the nine months ended September 30, 2022 to 27.9% in the nine months ended September 30, 2023, primarily due to (1) the increase in revenue contribution of our digital precision marketing services, which had a lower profit margin than other data-driven intelligence solutions, and (2) the margin erosion of digital precision marketing services, primarily due to the increase in sales of credit facility products facilitated by us, which typically had a lower profit margin. The value of credit facility products that we facilitated in selling increased from RMB17.5 billion in the nine months ended September 30, 2022 to RMB33.7 billion in the nine months ended September 30, 2023, accounting for 85.5% and 94.6% of the total value of financial products we facilitated in selling in the nine months ended September 30, 2022 and 2023, respectively, while the value of loan products that we facilitated in selling decreased from RMB3.0 billion in the nine months ended September 30, 2022 to RMB1.9 billion in the nine months ended September 30, 2023.

On-premises financial & tax digitalization solutions. Our gross profit margin for on-premises financial & tax digitalization solutions decreased from 35.9% in the nine months ended September 30, 2022 to 11.5% in the nine months ended September 30, 2023, primarily because the increase in costs of sales, especially staff costs driven by the increase in the relevant staff headcount, outpaced our revenue growth for on-premises solution.

Others. Our gross profit margin for other services decreased from 79.4% in the nine months ended September 30, 2022 to 4.5% in the nine months ended September 30, 2023, primarily due to the revenue decrease of our advertisement publishing services.

Other income

Our other income decreased from RMB5.2 million in the nine months ended September 30, 2022 to RMB2.8 million in the nine months ended September 30, 2023, primarily due to the decrease of RMB1.5 million in tax refund, as a result of change in the relevant tax policies.

Impairment losses under ECL model, net of reversal

Our impairment losses under ECL model, net of reversal, remained relatively stable at RMB1.6 million and RMB1.3 million in the nine months ended September 30, 2022 and 2023, respectively.

Other gains and losses

Our other losses decreased by 56.9% from RMB2.3 million in the nine months ended September 30, 2022 to RMB1.0 million in the nine months ended September 30, 2023, primarily because we made certain one-off provisions of litigations and one-time donation in the nine months ended September 30, 2022.

Research and development expenses

Our research and development expenses increased by 24.8% from RMB108.5 million in the nine months ended September 30, 2022 to RMB135.5 million in the nine months ended September 30, 2023, primarily due to (1) the increase of RMB17.5 million in share-based payment expenses for our R&D personnel and (2) the increase of RMB10.6 million in staff costs as a result of the increase in the headcount of our R&D staff.

Administrative expenses

Our administrative expenses increased significantly from RMB55.6 million in the nine months ended September 30, 2022 to RMB144.9 million in the nine months ended September 30, 2023, primarily due to the significant increase of RMB76.1 million in share-based payment for our administrative personnel.

Distribution and selling expenses

Our distribution and selling expenses increased significantly from RMB69.2 million in the nine months ended September 30, 2022 to RMB149.1 million in the nine months ended September 30, 2023, primarily due to (1) the increase of RMB55.4 million in share-based payment for our sales and marketing personnel and (2) the increase of RMB17.1 million in staff costs, as a result of the increase in headcount of our sales and marketing personnel.

Finance income

Our finance income decreased from RMB8.0 million in the nine months ended September 30, 2022 to RMB5.5 million in the nine months ended September 30, 2023, primarily due to a decrease of RMB2.1 million in interest income from bank balances and cash, as a combined result of the change in average balance of bank deposits and the fluctuation of bank interest rates.

Finance costs

Our finance costs remained relatively stable at RMB1.2 million in the nine months ended September 30, 2022 and RMB0.8 million in the nine months ended September 30, 2023.

Fair value changes of financial assets and liabilities at FVTPL

We recorded fair value losses of financial assets and liabilities at FVTPL of RMB20.3 million in the nine months ended September 30, 2022, as compared to a fair value gain of financial assets and liabilities at FVTPL of RMB97.8 million in the nine months ended September 30, 2023, primarily due to the fair value gain in relation to our shares with preferential rights of RMB94.5 million in the nine months ended September 30, 2023, as compared to fair value loss in relation to our shares with preferential rights of RMB23.0 million in the nine months ended September 30, 2022. However, we recorded a decrease of RMB2.5 million in the fair value gain in relation to financial assets at FVTPL, primarily due to the fair value loss of RMB8.5 million in relation to our investments in associates with preferential rights, as a result of downward adjustment of valuation of our certain associate.

Share of results of associates and joint ventures

Our share of loss of associates and joint ventures increased by 92.8% from RMB2.3 million in the nine months ended September 30, 2022 to RMB4.5 million in the nine months ended September 30, 2023, primarily due to the decrease in profit of our associates and joint ventures.

Income tax expenses

Our income tax expenses decreased from RMB0.1 million in the nine months ended September 30, 2022 to RMB48,000 in the nine months ended September 30, 2023, primarily due to the decrease of deferred tax in relation to certain financial assets.

Loss for the period

As a result of the above, our net loss was RMB101.9 million and RMB213.5 million in the nine months ended September 30, 2022 and 2023, respectively, and our net loss margin increased from 27.0% in the nine months ended September 30, 2022 to 45.6% in the nine months ended September 30, 2023.

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

Revenue

Our revenue increased by 15.9% from RMB453.8 million in 2021 to RMB525.8 million in 2022.

Cloud solutions. Our revenue generated from cloud solutions increased by 25.7% from RMB335.2 million in 2021 to RMB421.5 million in 2022, primarily driven by the increase in revenue of data-driven intelligence solutions. Revenue generated from cloud financial & tax digitalization solutions remained relatively stable at RMB156.6 million and RMB158.0 million in 2021 and 2022, respectively. Revenue generated from data-driven intelligence solutions increased by 47.5% from RMB178.6 million in 2021 to RMB263.5 million in 2022, primarily because (1) revenue generated from digital precision marketing services increased by 79.9% primarily due to the increase in the value of financial products we facilitated in selling from RMB14.7 billion in 2021 to RMB29.6 billion in 2022, which was partially driven by the increase in the number of financial service providers that engaged our services, and (2) revenue generated from risk intelligence services increased by 11.1%, primarily as a result of the increase in the number of enterprises included in our enterprise operation reports delivered from 1.3 million in 2021 to 1.6 million in 2022, driven by increasing customer demand and the nationwide promotion of SMB financing.

On-premises financial & tax digitalization solutions. Our revenue generated from on-premises financial & tax digitalization solutions decreased by 15.2% from RMB110.2 million in 2021 to RMB93.5 million in 2022, primarily because (1) we downwardly adjusted the price of our on-premises solutions to attract mid-market customers and retain existing customers amid the COVID-19 pandemic, and (2) we experienced temporary delays in solution delivery in 2022 due to the impact of the COVID-19 pandemic.

Others. Our revenue generated from other services increased by 28.6% from RMB8.4 million in 2021 to RMB10.8 million in 2022, primarily due to the increase in customer demand for our advertisement publishing services.

Cost of sales

Our cost of sales increased by 31.1% from RMB237.6 million in 2021 to RMB311.5 million in 2022.

Cloud solutions. Our cost of sales relating to cloud solutions increased by 51.7% from RMB162.1 million in 2021 to RMB245.9 million in 2022. Our cost of sales relating to cloud financial & tax digitalization solutions decreased by 4.8% from RMB74.3 million in 2021 to RMB70.7 million in 2022, primarily because we recognized greater share-based payment expenses incurred in connection with the restricted share units newly granted to our management overseeing our products and operations in 2021, which were vested in the same year. Our cost of sales relating to data-driven intelligence solutions increased significantly from RMB87.8 million in 2021 to RMB175.2 million in 2022, primarily due to the increase in referral fees paid to our marketing agents in relation to our digital precision marketing services. For credit facility products launched by financial service providers, our referral fee ratios with marketing agents typically ranged from 0.3% to 0.69% in 2021, as compared to 0.1% to 0.72% in 2022. For loan products launched by financial service providers, our referral fee ratios with marketing agents typically ranged from 0.05% to 1.18% in 2021, as compared to 0.17% to 1.6% in 2022.

On-premises financial & tax digitalization solutions. Our cost of sales relating to on-premises financial & tax digitalization solutions decreased by 15.5% from RMB74.4 million in 2021 to RMB62.9 million in 2022, generally in line with the revenue decrease of our on-premises financial & tax digitalization solutions.

Others. Our cost of sales relating to other services increased from RMB1.1 million in 2021 to RMB2.7 million in 2022, primarily due to increases in staff costs associated with advertisement publishing services.

Gross profit and gross profit margin

Our gross profit remained relatively stable at RMB216.2 million in 2021 and RMB214.3 million in 2022, and our gross profit margin decreased from 47.6% in 2021 to 40.8% in 2022.

Cloud solutions. Our gross profit margin for cloud solutions decreased from 51.6% in 2021 to 41.7% in 2022. Our gross profit margin for cloud financial & tax digitalization solutions increased from 52.5% in 2021 to 55.2% in 2022, primarily due to the impact of a decrease in share-based payment expenses in 2022. Our gross profit margin for data-driven intelligence solutions decreased from 50.9% in 2021 to 33.5% in 2022, primarily due to a higher revenue contribution of our digital precision marketing services in 2022. We experienced a decrease in the profit margin of our digital precision marketing services in 2022, as the growth of referral fees outpaced that of revenue in the same period, primarily due to an increase in our average fee ratio with marketing agents. The value of credit facility products that we facilitated in selling increased from RMB10.9 billion in 2021 to RMB25.8 billion in 2022, accounting for 74.3% and 87.3% of the total value of financial products we facilitated in selling in 2021 and 2022, respectively. This change in the product mix underlying our digital precision marketing services drove up the increase of our referral fees, as the sales of credit facility products typically had a lower profit margin. The average referral fee ratio with marketing agents for such credit facility products increased from 0.37% in 2021 to 0.51% in 2022, which contributed to the decrease in the profit margin of our digital precision marketing services in 2022. Meanwhile, the average referral fee ratio with marketing agents for loan products we facilitated in selling also increased from 0.71% in 2021 to 0.78% in 2022, and the value of loan products that we facilitated in selling remained relatively stable at RMB3.8 billion in 2021 and RMB3.7 billion in 2022. The intensified market competition also drove the increase in our fee ratios with marketing agents, in order for us to continue to deepen engagement with our marketing agents.

On-premises financial & tax digitalization solutions. Our gross profit margin for on-premises financial & tax digitalization solutions remained relatively stable at 32.4% in 2021 and 32.7% in 2022.

Others. Our gross profit margin for other services decreased from 87.1% in 2021 to 75.1% in 2022, primarily because the increase in cost of sales of other services outpaced the increase in revenue from other services.

Other income

Our other income increased significantly from RMB2.7 million in 2021 to RMB9.9 million in 2022, primarily due to (1) an increase of RMB3.7 million in tax refund, as a result of the increase in our deductible input VAT, driven by increases in purchases of services, hardware and other office equipment, and (2) an increase of RMB3.2 million in government grants, representing an increase in grants from Chongqing Fuling Comprehensive Free Trade Zone of RMB1.6 million in relation to our contribution to a local digital economy platform project and an increase in RMB1.6 million for government subsidies from Beijing Municipal Bureau of Economy and Information Technology.

Impairment losses under ECL model, net of reversal

Our impairment losses under ECL model, net of reversal, were RMB1.8 million and RMB1.2 million in 2021 and 2022, respectively.

Other gains and losses

Our other losses increased by 76.9% from RMB1.3 million in 2021 to RMB2.3 million in 2022, primarily due to the decrease in gain on partial disposal of investment in an associate of RMB1.6 million.

Research and development expenses

Our research and development expenses increased by 4.7% from RMB137.8 million in 2021 to RMB144.3 million in 2022, primarily due to an increase of RMB13.8 million in staff costs, as a result of the increase in the headcount in our R&D department, partially offset by a decrease of RMB9.7 million in share-based payment expenses for our R&D personnel.

Administrative expenses

Our administrative expenses decreased by 46.4% from RMB137.1 million in 2021 to RMB73.5 million in 2022, primarily due to a decrease of RMB80.5 million in share-based payment expenses for our administrative and management personnel, partially offset by an increase of RMB7.5 million in staff costs, as a result of an increase in the overall compensation level of our administrative department.

Distribution and selling expenses

Our distribution and selling expenses decreased by 25.5% from RMB132.7 million in 2021 to RMB98.9 million in 2022, primarily due to the decrease of RMB44.2 million in share-based payment expenses for our sales personnel, partially offset by (1) an increase of RMB2.9 million in staff costs, as a result of the increases in the headcount and the overall compensation level in our sales and marketing department, and (2) an increase of RMB2.5 million in commission fees, primarily due to the increase in the number of our business collaborators.

Finance income

Our finance income remained relatively stable at RMB10.6 million in 2021 and RMB10.3 million in 2022.

Finance costs

Our finance costs increased significantly from RMB0.2 million in 2021 to RMB1.6 million in 2022, representing the increase in interest expense on lease liabilities, primarily due to the renewal of our office lease.

Fair value changes of financial assets and liabilities at FVTPL

Our fair value losses of financial assets and liabilities at FVTPL decreased by 79.9% from RMB265.5 million in 2021 to RMB53.5 million in 2022, primarily due to the decrease in fair value loss in relation to our shares with preferential rights from RMB263.9 million in 2021 to RMB59.2 million in 2022. Furthermore, we recorded fair value changes of financial assets at FVTPL from fair value losses of RMB1.7 million in 2021 to fair value gains of RMB6.0 million in 2022 due to the increase in fair value of investment in associates with preferential rights and wealth management products.

Share of results of associates and joint ventures

Our share of profit of associates and joint ventures decreased by 78.0% from RMB5.0 million to RMB1.1 million, primarily due to the decrease in profit of our associates and joint ventures.

Income tax expenses

Our income tax expenses increased from nil in 2021 to RMB0.2 million in 2022, primarily because an operating subsidiary incurred income tax expenses in 2022.

Loss for the year

As a result of the above, our net loss was RMB448.4 million and RMB156.2 million in 2021 and 2022, respectively, and our net loss margin decreased from 98.8% in 2021 to 29.7% in 2022.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Our revenue increased by 55.9% from RMB291.1 million in 2020 to RMB453.8 million in 2021.

Cloud solutions. Our revenue generated from cloud solutions increased by 79.2% from RMB187.1 million in 2020 to RMB335.2 million in 2021. Revenue generated from cloud financial & tax digitalization solutions increased by 26.1% from RMB124.2 million in 2020 to RMB156.6 million in 2021, primarily due to increased customer demand for our solutions. The number of customers of our cloud financial & tax digitalization solutions increased from approximately 9,900 in 2020 to approximately 12,370 in 2021. The dollar-based retention rate for our cloud financial & tax digitalization solutions was 114.9% in 2021. Revenue generated from data-driven intelligence solutions increased significantly from RMB63.0 million in 2020 to RMB178.6 million in 2021, primarily due to (1) the significant increase in revenue generated from digital precision marketing services from RMB28.1 million in 2020 to RMB94.6 million in 2021, primarily due to the increase in the value of financial products we facilitated in selling from RMB4.0 billion in 2020 to RMB14.7 billion in 2021, which was partially driven by the increase in the number of financial service providers that engaged our services, and (2) the significant increase in revenue generated from risk intelligence services from RMB34.9 million in 2020 to RMB84.0 million in 2021, as a result of the increase in the number of enterprises included in the enterprise operation reports delivered from 0.6 million in 2020 to 1.3 million in 2021, driven by increasing customer demand and the nationwide promotion of SMB financing.

On-premises financial & tax digitalization solutions. Our revenue generated from on-premises financial & tax digitalization solutions increased by 13.7% from RMB96.9 million in 2020 to RMB110.2 million in 2021, primarily due to increased customer demand for our solutions. The number of customers of our on-premises financial & tax digitalization solutions increased from 606 in 2020 to 917 in 2021.

Others. Our revenue generated from other services increased by 18.3% from RMB7.1 million in 2020 to RMB8.4 million and 2021, primarily due to the increase in the number of customers of our advertisement publishing services.

Cost of sales

Our cost of sales increased by 51.5% from RMB156.8 million in 2020 to RMB237.6 million in 2021, generally in line with our revenue growth.

Cloud solutions. Our cost of sales relating to cloud solutions increased by 79.1% from RMB90.5 million in 2020 to RMB162.1 million in 2021. Our cost of sales relating to cloud financial & tax digitalization solutions increased by 45.7% from RMB51.0 million in 2020 to RMB74.3 million in 2021, primarily due to the increase in associated staff cost, and share-based payment expenses in connection with the restricted share units, which were newly granted to our management overseeing our products and operations and vested in 2021. Our cost of sales relating to data-driven intelligence solutions increased significantly from RMB39.5 million in 2020 to RMB87.8 million in 2021, primarily due to the increase in the referral fees to marketing agents as a result of the growth in the business scale of our digital precision marketing services. For credit facility products launched by financial service providers, our referral fee ratios with marketing agents typically ranged from 0.3% to 0.69% in 2021, as compared to 0.46% to 0.58% in 2020. For loan products launched by financial service providers, our referral fee ratios with marketing agents typically ranged from 0.05% to 1.18% in 2021, as compared to 0.07% to 0.97% in 2020.

On-premises financial & tax digitalization solutions. Our cost of sales relating to on-premises financial & tax digitalization solutions increased by 13.4% from RMB65.6 million in 2020 to RMB74.4 million in 2021, generally in line with the revenue increase of our on-premises solutions.

Others. Our cost of sales relating to other services increased from RMB0.7 million in 2020 to RMB1.1 million in 2021, primarily due to the increase in associated staff cost and share-based payment expenses.

Gross profit and gross profit margin

Our gross profit increased by 61.0% from RMB134.3 million in 2020 to RMB216.2 million in 2021, and our gross profit margin increased from 46.1% in 2020 to 47.6% in 2021.

Cloud solutions. Our gross profit margin for cloud solutions remained stable at 51.6% in 2020 and 2021, respectively. Our gross profit margin for cloud financial & tax digitalization solutions decreased from 58.9% in 2020 to 52.5% in 2021, primarily due to the increase in share-based payment to product and operations personnel for our cloud financial & tax digitalization solutions. Our gross profit margin for data-driven intelligence solutions increased from 37.3% in 2020 to 50.9% in 2021, and in particular, the gross profit margin for our digital precision marketing services increased from 11.2% in 2020 to 30.7% in 2021, as our revenue growth outpaced the increase in cost. Specifically, the average referral fee ratio with marketing agents for such credit facility products decreased from 0.49% in 2020 to 0.37% in 2021, which contributed to the increase in the profit margin of our digital precision marketing services in 2021.

On-premises financial & tax digitalization solutions. Our gross profit margin for on-premises financial & tax digitalization solutions remained stable at 32.3% in 2020 to 32.4% in 2021.

Others. Our gross profit margin for other services decreased from 90.6% in 2020 to 87.1% in 2021, primarily due to the increase in associated staff cost and share-based payment expenses.

Other income

Our other income remained relatively stable at RMB2.7 million in 2020 and 2021, respectively.

Impairment losses under ECL model, net of reversal

Our impairment losses under ECL model, net of reversal, increased from RMB0.8 million in 2020 to RMB1.8 million in 2021, primarily due to impairment losses in relation to our trade receivables, as a result of deteriorated financial situation of certain of our customers caused by the COVID-19 pandemic.

Other gains and losses

Our other losses remained stable at RMB1.3 million in 2020 and 2021, respectively.

Research and development expenses

Our research and development expenses increased by 20.8% from RMB114.1 million in 2020 to RMB137.8 million in 2021, primarily due to an increase of RMB27.3 million in staff costs, as a result of the increases in the headcount of and compensation level for our R&D personnel, partially offset by a decrease of RMB3.0 million in share-based payment expenses for our R&D personnel.

Administrative expenses

Our administrative expenses increased significantly from RMB56.0 million in 2020 to RMB137.1 million in 2021, primarily due to (1) an increase of RMB69.1 million in share-based payment expenses for our administrative and management personnel, and (2) an increase of RMB9.3 million in staff costs, primarily due to an overall increase in compensation level for administrative staff.

Distribution and selling expenses

Our distribution and selling expenses increased by 70.3% from RMB77.9 million in 2020 to RMB132.7 million in 2021, primarily due to (1) an increase of RMB31.3 million in share-based payment expenses for our sales personnel, (2) an increase of RMB15.3 million in staff costs, primarily due to the increase in the headcount of our sales personnel and the expiry of concessions of the social security and provident fund in 2021, (3) an increase of RMB4.5 million in commission paid to business collaborators to promote our cloud financial & tax digitalization solutions, and (4) an increase of RMB3.7 million in traveling and marketing expenses as a result of our enhanced marketing efforts.

Finance income

Our finance income increased significantly from RMB3.9 million in 2020 to RMB10.6 million in 2021, representing the increase in interest income from our bank deposits, primarily due to the increase in our bank deposits as a result of our proceeds from investors in 2021.

Finance costs

Our finance costs decreased by 71.4% from RMB0.7 million in 2020 to RMB0.2 million in 2021, representing the decrease in interest expense on lease liabilities, primarily due to the expiry of certain of our leases.

Fair value changes of financial assets and liabilities at FVTPL

Our fair value losses of financial assets and liabilities at FVTPL decreased by 7.1% from RMB285.9 million in 2020 to RMB265.5 million in 2021, primarily due to the decrease of fair value loss of our financial liabilities in connection with our shares with preferential rights in 2021, partially offset by the change in fair value changes of financial assets at FVTPL from fair value gains of RMB11.2 million in 2020 to fair value losses of RMB1.7 million in 2021 in connection with our investment in financial assets at FVTPL.

Share of results of associates and joint ventures

Our share of results of associates and joint ventures decreased by 28.6% from RMB7.0 million in 2020 to RMB5.0 million in 2021, primarily due to the decrease in profit of our associates and joint ventures.

Income tax expenses

We did not incur income tax expenses in 2020 and 2021, primarily due to our loss before tax.

Loss for the year

As a result of the above, our net loss increased by 15.3% from RMB388.8 million in 2020 to RMB448.4 million in 2021, and our net loss margin decreased from 133.6% in 2020 to 98.8% in 2021.

DISCUSSION OF MAJOR ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth details of our summary consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	11,501	8,042	8,703	10,412
Right-of-use assets	10,667	36,408	24,609	18,494
Intangible assets	865	7,644	6,961	6,931
Investments in associates	80,027	75,171	87,027	87,479
Investments in joint ventures	8,333	9,739	10,845	13,874
Deposits paid for investment in an associate	—	5,200	—	—
Financial assets at FVTPL	—	19,440	39,487	32,648
Contract costs	21,968	36,471	38,088	39,822
Contract assets	692	1,239	161	245
Long-term bank deposits	52,506	103,027	106,427	—
Prepayments	5,000	671	—	—
	191,559	303,052	322,308	209,905
Current assets				
Inventories	13,399	8,972	10,992	6,266
Contract costs	28,086	18,245	42,026	49,354
Contract assets	64,619	68,836	77,891	84,126
Trade and other receivables, deposits and prepayments	57,793	78,332	85,188	81,374
Amounts due from related parties	2,987	19,260	3,631	7,225
Financial assets at FVTPL	200,666	218,856	400,900	351,770
Restricted bank deposits	847	515	103	2,063
Short-term bank deposits with maturity over three months	30,198	104,785	80,472	108,970
Cash and cash equivalents	273,102	505,006	237,206	211,360
	671,697	1,022,807	938,409	902,508

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Current liabilities				
Lease liabilities	6,578	10,312	18,442	14,425
Trade and other payables	162,574	140,465	136,919	144,286
Tax liabilities	—	—	31	186
Contract liabilities	104,817	130,631	165,476	161,333
Financial liabilities at FVTPL	—	216,650	2,151,922	2,057,386
Amounts due to related parties	29,518	14,020	11,052	15,883
	303,487	512,078	2,483,842	2,393,499
Net current assets/(liabilities)	368,210	510,729	(1,545,433)	(1,490,991)
Total assets less current liabilities	559,769	813,781	(1,223,125)	(1,281,086)
Capital and reserves				
Share capital	140,000	140,000	140,000	140,000
Reserves	(940,747)	(1,226,267)	(1,369,299)	(1,417,878)
Deficits attributable to owners of the Company	(800,747)	(1,086,267)	(1,229,299)	(1,277,878)
Non-controlling interests	–	(1,435)	(4,158)	(5,345)
Total deficits	(800,747)	(1,087,702)	(1,233,457)	(1,283,223)
Non-current liabilities				
Lease liabilities	304	25,364	7,354	2,137
Financial liabilities at FVTPL	1,360,212	1,876,119	2,830	—
Deferred tax liabilities	—	—	148	—
	1,360,516	1,901,483	10,332	2,137
Total deficits and non-current liabilities	559,769	813,781	(1,223,125)	(1,281,086)

Property, Plant and Equipment

Our property, plant and equipment consisted of equipment, including office equipment, electronic equipment, and special equipment, which was primarily information security hardware, and leasehold improvement. We had property, plant and equipment of RMB11.5 million, RMB8.0 million, RMB8.7 million and RMB10.4 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. The following table sets forth the components of our property and equipment as of the dates indicated.

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Equipment	8,942	7,789	7,326	8,944
Leasehold improvement	2,559	253	1,377	1,468
Total	11,501	8,042	8,703	10,412

Our property, plant and equipment decreased from RMB11.5 million as of December 31, 2020 to RMB8.0 million as of December 31, 2021, primarily due to a decrease of RMB2.3 million in leasehold improvement as a result of depreciation. Our property, plant and equipment further increased to RMB8.7 million as of December 31, 2022, primarily due to the increase in leasehold improvement primarily as a result of our office renovation, partially offset by depreciation. Our property, plant and equipment then increased to RMB10.4 million as of September 30, 2023, primarily due to our purchase of special equipment, partially offset by depreciation.

Right-of-use Assets

Our right-of-use assets primarily consisted of leased offices. Our right-of-use assets increased significantly from RMB10.7 million as of December 31, 2020 to RMB36.4 million as of December 31, 2021, primarily due to the lease renewal for our current office premises in Beijing. Our right-of-use assets decreased to RMB24.6 million as of December 31, 2022, primarily due to depreciation. Our right-of-use assets then decreased to RMB18.5 million as of September 30, 2023, primarily due to depreciation.

Intangible Assets

Our intangible assets primarily consisted of software and patents. Our intangible assets increased significantly from RMB0.9 million as of December 31, 2020 to RMB7.6 million as of December 31, 2021, primarily due to the addition of certain patents in relation to the electronic accounting archive management services in 2021. Our intangible assets then decreased to RMB7.0 million as of December 31, 2022, primarily due to amortization. Our intangible assets remained relatively stable at RMB6.9 million as of September 30, 2023.

Investments in Associates

Our investments in associates comprised cost of investments in associates and share of post-acquisition profit or loss. Our investments in associates decreased from RMB80.0 million as of December 31, 2020 to RMB75.2 million as of December 31, 2021, primarily due to the partial disposal of investment in an associate. Our investments in associates increased to RMB87.0 million as of December 31, 2022, primarily due to our investment in Beijing Baiwang Intelligent Finance and Taxation Technology Co., Ltd. and Guangxi United Credit Reporting Co., Ltd. Our investments in associates remained relatively stable at RMB87.5 million as of September 30, 2023.

Investments in Joint Ventures

Our investments in joint ventures comprised cost of investments in joint ventures and share of post-acquisition profit or loss. Our investments in joint ventures increased from RMB8.3 million as of December 31, 2020 to RMB9.7 million as of December 31, 2021, and further increased to RMB10.8 million as of December 31, 2022, primarily due to our share of profit in joint ventures. Our investments in joint ventures then increased to RMB13.9 million as of September 30, 2023, primarily due to our investment in Guangdong Baiwang Information Technology Co., Ltd., Henan Baiwang Cloud Digital Technology Co., Ltd., and Baiwang Cloud (Chongqing) Information Technology Services Co., Ltd.

Deposits Paid for Investment in an Associate

Deposits paid for investment in an associate represented investment deposits of RMB5.2 million that we paid in September 2021 to acquire certain equity interests in Beijing Baiwang Intelligent Finance and Taxation Technology Co., Ltd.

Prepayments

Our prepayments consisted of prepayments for the intangible assets and [**REDACTED**] for professional fees and related expenses incurred in connection with this [**REDACTED**]. Our prepayments of RMB5.0 million as of December 31, 2020 represented the amount we prepaid in 2020 to acquire certain patents in relation to the electronic accounting archive management services. The prepayments were de-recognized in 2021 when the related assets were transferred to us. Our prepayments of RMB0.7 million as of December 31, 2021 represented prepayments of [**REDACTED**] incurred in connection with this [**REDACTED**].

Inventories

Our inventories consisted primarily of information security hardware, including physical servers, for the implementation of our financial & tax digitalization solutions. We recorded inventories of RMB13.4 million, RMB9.0 million, RMB11.0 million and RMB6.3 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively.

As of January 31, 2024, approximately RMB[2.1] million (unaudited), or [33.6]% (unaudited), of our inventories as of September 30, 2023 had been delivered. The relatively low inventory consumption rate was primarily because the relevant projects had not been completed as of January 31, 2024, and related inventories would be recognized as cost of sales upon the completion and customer acceptance of such projects.

Trade Receivables

Our trade receivables arose from contracts with customers. Our trade receivables increased from RMB21.7 million as of December 31, 2020 to RMB28.4 million as of December 31, 2021 and further to RMB30.8 million as of December 31, 2022, generally in line with our business growth. Our trade receivables remained relatively stable at RMB30.0 million as of September 30, 2023. We typically grant a credit period between three to six months from invoice date, which are agreed with each of our customers. The following table sets forth our trade receivables, net of allowance for credit losses, as of the dates indicated.

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Trade receivables – contracts with customers	23,193	31,476	34,988	33,999
Less: allowance for credit losses	(1,526)	(3,051)	(4,140)	(4,040)
	21,667	28,425	30,848	29,959

The following table sets forth an aging analysis of our trade receivables.

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Within 30 days	5,314	8,206	8,103	5,800
31 to 180 days	8,979	12,537	12,488	13,480
181 to 365 days	4,658	5,645	6,977	6,246
Over one year	4,242	5,088	7,420	8,473
Total	23,193	31,476	34,988	33,999

During the Track Record Period, trade receivables that were aged over 180 days were RMB8.9 million, RMB10.7 million, RMB14.4 million and RMB14.7 million as of December 31, 2020, 2021 and 2022 and September 30, 2023, respectively, accounting for 38.4%, 34.1%, 41.1% and 43.3% of our total trade receivables as of the same dates, respectively, exceeding the typical credit period we granted to customers of 90 to 180 days. Such overdue balance was primarily due to the lengthy internal approval and settlement processes of certain customers, the temporary deteriorated operation status of certain customers, and working capital strain as a result of the COVID-19 pandemic. As of the Latest Practicable Date, 95.1%, 83.1%, 71.8%, and 38.7% of our trade receivables that were aged over 180 days as of December 31, 2020, 2021 and 2022 and September 30, 2023 were settled, respectively. See "—Contract Assets" for detailed discussion on the recoverability of our trade receivables.

The following table sets forth the number of our trade receivables turnover days for the periods indicated.

	Year ended December 31,			Nine months ended September 30,
	2020	2021	2022	2023
Trade receivables turnover days(1)	35.3	22.0	23.1	19.9

(1) Trade receivables turnover days was calculated based on the average of opening and closing balance of trade receivables for the relevant period, divided by the revenue for the same period, and multiplied by 365 days for the years ended December 31, 2020, 2021 and 2022 and 270 days for the nine months ended September 30, 2023.

Our trade receivables turnover days decreased from 35.3 days in 2020 to 22.0 days in 2021, primarily because we enhanced our collection efforts in 2021. Our trade receivables turnover days remained relatively stable at 23.1 days and 19.9 days in 2022 and nine months ended September 30, 2023, respectively.

As of January 31, 2024, approximately RMB[20.0] million (unaudited), or [58.7]% (unaudited), of our trade receivables as of September 30, 2023 had been settled. The relatively low rate of subsequent settlement was primarily due to the lengthy process required for payment settlement by certain customers.

Other Receivables, Deposits and Prepayments

Our other receivables, deposits and prepayments primarily include (1) notes receivables, (2) prepayments in relation to, among others, the purchase of goods and services, rent and property management fees and [**REDACTED**], (3) VAT recoverable, primarily representing (i) prepayment of output VAT in relation to certain unrecognized revenue in the same year, and (ii) the unutilized input VAT incurred as of the dates indicated, which can be applied to offset the output VAT incurred in subsequent years, (4) deposits, in relation to our office leases and property management fees, and (5) other receivables, including bid security, advance payment to other parties, primarily in relation to our contingent workforce management services and others.

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Notes receivables	494	301	589	357
Prepayments	5,664	4,488	7,351	11,930
VAT recoverable	16,545	21,880	17,840	17,996
Deposits refundable within one year	3,900	4,566	4,766	5,378
Other receivables				
— bid security	1,725	1,826	2,305	2,505
— advance payment to other parties[(1)]	–	15,090	19,909	9,627
— others[(2)]	7,851	1,998	1,755	3,806
Less: allowance for credit losses	(53)	(242)	(175)	(184)
Total	36,126	49,907	54,340	51,415

(1) Includes third-party individual service providers of our customers.

(2) Includes primarily the amount to be collected on behalf of customers.

Our other receivables, deposits and prepayments increased from RMB36.1 million as of December 31, 2020 to RMB49.9 million as of December 31, 2021, primarily due to (1) an increase of RMB15.1 million in advance payment to other parties, substantially all of which represented advance payment through our contingent workforce management services of service fees payable by our customer to its third-party individual service providers, and (2) an increase of RMB5.3 million in VAT recoverable, as a result of (i) an increase in prepayment of output VAT in relation to certain unrecognized revenue in the same year, and (ii) certain input VAT incurred in intra-group transactions but not certified by tax authorities in 2021 to offset the output VAT incurred in the same year. Such input VAT was subsequently confirmed by the tax authorities and applied to offset the output VAT incurred in subsequent years. The increase in our other receivables, deposits and prepayments was partially offset by a decrease of RMB5.9 million in others due to the adjustment of relevant arrangements to collect payment on behalf of customers.

Our other receivables, deposits and prepayments increased to RMB54.3 million as of December 31, 2022, primarily due to an increase of RMB4.8 million in advance payment to other parties, as a result of the increase in service compensation payable by such customer through our contingent workforce management services to its third-party individual service providers, partially offset by a decrease of RMB4.0 million in VAT recoverable, as we applied the unutilized input VAT incurred in 2021 to offset the output VAT incurred in 2022.

Our other receivables, deposits and prepayments then decreased to RMB51.4 million as of September 30, 2023, primarily due to the decrease of RMB10.3 million in advances to other parties as a result of the decrease in compensation settlement demand from the relevant customer of our contingent workforce management services.

As of January 31, 2024, approximately RMB[9.4] million (unaudited), or [97.7]% (unaudited), of advance payment to other parties as of September 30, 2023 had been subsequently settled. We typically obtained reimbursement of our advance payment to other parties within 30 days following the pay-outs. Considering our historical settlement practices with respect to the relevant customers in relation to our advance payment to its individual service providers and the industry reputation of such customer, our Directors do not foresee material impediment to recover our balance for advance payment to other parties.

Contract Assets

Contract assets primarily represented our right to receive consideration in exchange of our goods and services that we had transferred to a customer that is not yet unconditional. Our contract assets primarily arose from our cloud financial & tax digitalization solutions, digital precision marketing services, risk intelligence services and on-premises solutions. Our contract assets increased from RMB65.3 million as of December 31, 2020 to RMB70.1 million as of December 31, 2021 and further to RMB78.1 million as of December 31, 2022 and RMB84.4 million as of September 30, 2023, generally in line with our business growth. The following table sets forth an aging analysis of our contract assets for the periods indicated.

	As of December 31,			As of September 30,
	2020	**2021**	**2022**	**2023**
	(RMB in thousands)			
Within 30 days	14,883	24,794	26,305	17,413
31 to 180 days	35,028	27,433	25,047	44,100
181 to 365 days	9,068	9,163	13,863	14,829
Over one year	6,639	9,029	13,376	8,812
Total	65,618	70,419	78,591	85,155

The following table sets forth the number of turnover days of our contract assets for the periods indicated.

	Year ended December 31,			Nine months ended September 30,
	2020	2021	2022	2023
Contract assets turnover days(1)	51.9	54.7	51.7	47.2

(1) Contract assets turnover days was calculated based on the average of opening and closing balance of contract assets for the relevant period, divided by the revenue for the same period, and multiplied by 365 days for the years ended December 31, 2020, 2021 and 2022 and 270 days for the nine months ended September 30, 2023.

As of January 31, 2024, approximately RMB[54.8] million (unaudited), or [64.4]% (unaudited), of our contract assets as of September 30, 2023 had been billed and accounted as trade receivables and subsequently settled.

The following table sets forth the number of turnover days of our trade receivables and contract assets for the periods indicated.

	Year ended December 31,			Nine months ended September 30,
	2020	2021	2022	2023
Trade receivables and contract assets turnover days(1)	87.3	76.7	74.8	67.1

(1) The turnover days of trade receivables and contract assets was calculated based on the average of opening and closing balance of trade receivables and contract assets for the relevant period, divided by the revenue for the same period, and multiplied by 365 days for the years ended December 31, 2020, 2021 and 2022 and 270 days for the nine months ended September 30, 2023.

Our Directors considered that we do not have any material recoverability issue for our trade receivables and contract assets and the allowance for expected credit losses was adequate and reasonable for the following reasons.

- Our trade receivables and contract assets with significant balances are assessed for estimated credit losses ("ECL") individually. In addition, we use practical expedient in estimating ECL on trade receivables and contract assets which are not assessed individually using a provision matrix. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and credit rating). The provision matrix is initially based on our historical observed default rates. We calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates will be adjusted. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. We have also engaged an independent valuer to evaluate the ECL provision for both our trade receivables and contract assets. As of December 31, 2020, 2021 and 2022 and September 30, 2023, we recorded allowance for credit losses of RMB1.5 million, RMB3.1 million, RMB4.1 million and RMB5.2 million, respectively, of which 85.2%, 88.4%, 92.1%, and 91.2% related to trade receivables aged 181 days or above as of the same dates, respectively. Therefore, we believe that the credit losses allowances with respect to trade receivables aged 181 days or above are adequately provisioned, and do not foresee material recoverability issue with respect to our trade receivables aged 181 days or above.

- To manage risk arising from trade receivables and contract assets, we have policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Such credit evaluation includes assessment of credit quality of these customers, which takes into account their financial position, past settlement records, industry characteristics and other factors. Our credit control department also oversees our trade receivables and contract assets and routinely communicates with our customers to minimize credit risk, and our senior management regularly reviews the overdue balances. Specifically, during the course of providing cloud financial & tax digitalization solutions, data-driven analytics solutions and on-premises solutions, we will also review the amount of services consumed by relevant customers and crosscheck and monitor the accrued service fees as reflected in our billing systems. We also designate specialized sales and operation and maintenance personnel to monitor project progress and maintain close contact with our customers.

Contract Costs

Contract costs primarily represented costs to fulfill contracts with our customers and arose from our financial & tax digitalization solutions. Our contract costs increased from RMB50.1 million as of December 31, 2020 to RMB54.7 million as of December 31, 2021 and further to RMB80.1 million as of December 31, 2022, primarily due to (1) the increase in the total number of service contracts with customers, driven by our business growth, and (2) the increase in costs associated with our service contracts that were not completed as of each of the year end due to the impact of the COVID-19 pandemic. Our contract costs then increased to RMB89.2 million as of September 30, 2023, primarily due to the increase in staff costs incurred for project delivery, driven by the increase in headcount of our project delivery personnel.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at FVTPL primarily consisted of wealth management products issued by banks, investment in associates with preferential rights and arrangement/right to receive additional shares at nominal consideration. Our wealth management products, including structured deposit, are short-term investments with expected rates of return ranging from nil to 20.00%, depending on the market price of underlying financial instruments. Arrangement/right to receive additional shares at nominal consideration represents our right to receive additional shares in Shanghai Xinghan Information Technology Co., Ltd. and Beijing Baiwang Intelligent Finance and Taxation Technology Co., Ltd. from one of its owners. We had financial assets at FVTPL of RMB200.7 million, RMB238.3 million, RMB440.4 million and RMB384.4 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. Fair value changes of wealth management products issued by banks are valued using level 2 inputs, and fair value changes of investment in associates with preferential rights and arrangement/right to receive additional shares at nominal consideration are valued using level 3 inputs.

We may continue to invest in similar wealth management products in the future using our surplus cash and acquire equity interests that we believe will further our business. Depending on the materiality of the investment, our investment decisions shall be approved by our general manager, our Board and/or our shareholders. Our general manager is mainly responsible for making, implementing and supervising our equity investment decisions.

We believe we can make better use of our cash by making appropriate investments in wealth management products of low-to-medium risk, which generate income without interfering with our business operation or capital expenditures. Our investment decisions with respect to financial products are made on a case-by-case basis and after due and careful consideration of a number of factors, including, but not limited to, the market conditions, the economic developments, the anticipated investment conditions, the investment cost, the duration of the investment and the expected benefit and potential loss of the investment. We have established a set of internal measures which allow us to achieve reasonable returns on our investment while mitigating our exposure to high investment risks. Our finance department is responsible for the analysis and research of investment in wealth management products based on our cash positions. Investment decisions on wealth management products must be approved by our chief financial officer. Redemption of wealth management products prior to their maturity must be initiated by finance managers and approved by our chief financial officer. These policies and measures were formulated by our senior management.

We believe that our internal policies regarding financial products and the related risk management mechanism are adequate. We may continue to purchase financial products that meet the above criteria as part of our treasury management where we believe it is prudent to do so after the completion of the [**REDACTED**]. We will comply with relevant size test requirements under Chapter 14 of the Listing Rules and disclose the details of our investments or other notifiable transactions to the extent necessary and as appropriate after the [**REDACTED**].

Cash and Cash Equivalents

Our cash and cash equivalents increased from RMB273.1 million as of December 31, 2020 to RMB505.0 million as of December 31, 2021, primarily due to our proceeds from investors. Our cash and cash equivalents then decreased to RMB237.2 million as of December 31, 2022, primarily as a result of our purchase of wealth management products and the cash used in our operating activities. Our cash and cash equivalents then decreased to RMB211.4 million as of September 30, 2023, primarily due to use of cash in support of our operations.

Trade Payables

Our trade payables primarily represented payables for hardware procurement, referral fees payable to marketing agents, and commission fees payable to business collaborators. Our trade payables increased from RMB27.7 million as of December 31, 2020 to RMB35.1 million as of December 31, 2021, primarily due to our business growth. Our trade payables decreased to RMB30.9 million as of December 31, 2022, as a result of our shortened payment settlement cycle with suppliers. Our trade payables increased to RMB33.3 million as of September 30, 2023, primarily in relation to referral fees payable to our marketing agents. The following sets for an aging analysis of our trade payables for the periods indicated.

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Within three months	19,255	27,506	26,082	24,270
Three to six months	973	3,675	2,111	2,160
Six months to one year	7,363	350	1,957	4,702
One to two years	111	3,593	340	1,786
Over two years	2	23	379	402
Total	27,704	35,147	30,869	33,320

Our trade payables turnover days decreased from 62.1 days in 2020 to 48.3 days in 2021 and further to 38.7 days in 2022 and 26.1 days in the nine months ended September 30, 2023, primarily due to our more frequent settlement with suppliers for our trade payables. The credit period on trade payables is typically 30 to 90 days. The following table sets forth the number of our trade payables turnover days for the periods indicated.

	Year ended December 31,			Nine months ended September 30,
	2020	2021	2022	2023
Trade payables turnover days[(1)]	62.1	48.3	38.7	26.1

(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 sales for the same period, and multiplied by 365 days for the years ended December 31, 2020, 2021 and 2022 and 270 days for the nine months ended September 30, 2023.

As of January 31, 2024, approximately RMB[23.6] million (unaudited), or [70.7]% (unaudited), of our trade payables as of September 30, 2023 had been settled.

Other Payables

Our other payables consisted of accrued staff costs, other tax payables, payable for acquisition of an associate and advance received from investors for our shares with preferential rights.

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Accrued staff costs	39,724	53,448	53,276	59,437
Other tax payables	18,062	25,724	15,278	16,447
Payable for acquisition of an associate	31,760	—	—	—
Advance received from investors for our shares with preferential rights	25,200	—	—	—
Others	20,124	26,146	37,496	35,082
Total	134,870	105,318	106,050	110,966

Our other payables decreased from RMB134.9 million as of December 31, 2020 to RMB105.3 million as of December 31, 2021, primarily due to (1) a decrease of RMB31.8 million in payable for acquisition of an associate, primarily in relation to our investment in Boya Zhongke, and (2) a decrease of RMB25.2 million in advance received from investors for our shares with preferential rights, which were issued in 2021 to satisfy consideration paid in December 2020, partially offset by (i) an increase of RMB13.7 million in accrued staff costs, as a result of the increases in the headcount and average compensation level of our workforce, and (ii) an increase of RMB7.7 million in other tax payables in 2021, primarily due to an increase in the output VAT incurred in intra-group transactions in 2021, which was not certified by tax authorities in the same year. Our other payables increased to RMB111.0 million as of September 30, 2023, primarily due to the increase of RMB6.2 million in accrued staff costs, as a result of the increase in our staff headcount.

Contract Liabilities

Our contract liabilities consisted primarily of non-refundable advance payments made by customers of our financial and tax digitalization solutions and risk intelligence services, while the underlying services are yet to be provided. Our contract liabilities increased from RMB104.8 million as of December 31, 2020 to RMB130.6 million as of December 31, 2021, and further to RMB165.5 million as of December 31, 2022, primarily due to our business growth, especially with respect to our risk intelligence services. Our contract liabilities then decreased to RMB161.3 million as of September 30, 2023, primarily due to the reclassification of such contract liabilities as revenue as we delivered customer projects.

As of January 31, 2024, approximately RMB[103.3] million (unaudited), or [64.1]% (unaudited), of our contract liabilities as of September 30, 2023, had been recognized as revenue.

Financial Liabilities at Fair Value through Profit or Loss

Our financial liabilities were primarily related to our shares with preferential rights issued in our equity financings. We had financial liabilities at FVTPL of RMB1,360.2 million, RMB2,092.8 million, RMB2,154.8 million and RMB2,057.4 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. We applied the discounted cash flow method to determine the underlying equity value of our Company and option pricing method and equity allocation model to determine the fair value of our shares with preferential rights.

Fair Value Measurements

We made judgments and estimates in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To indicate the reliability of inputs in determining the fair values, we classified our financial instruments into three levels prescribed under the accounting standards:

- 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.

There were no transfers between level 1, level 2 and level 3 during the Track Record Period. The following table sets forth the fair value measurement hierarchy of our financial assets and liabilities.

	Level 1	**Level 2**	**Level 3**	**Total**
		(RMB in thousands)		
As of December 31, 2020				
Assets:				
Financial assets at FVTPL	—	200,666	—	200,666
Liabilities:				
Financial liabilities at FVTPL	—	—	1,360,212	1,360,212
As of December 31, 2021				
Assets:				
Financial assets at FVTPL	—	218,856	19,440	238,296
Liabilities:				
Financial liabilities at FVTPL	—	—	2,092,769	2,092,769
As of December 31, 2022				
Assets:				
Financial assets at FVTPL	—	400,900	39,487	440,387
Liabilities:				
Financial liabilities at FVTPL	—	—	2,154,752	2,154,752
As of September 30, 2023				
Assets:				
Financial assets at FVTPL	—	351,770	32,648	384,418
Liabilities:				
Financial liabilities at FVTPL	—	—	2,057,386	2,057,386

For level 2 financial instruments, valuations are generally obtained from third-party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. For level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measurement within level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement.

Our corporate finance team is responsible for determining the policies and procedures for the fair value management of financial instruments. The corporate finance team reports directly to the management. At each reporting date, the corporate finance team analyzes the movements in the values of financial instruments and determines the major inputs applied in valuation. The valuation is reviewed and approved by the management.

In relation to the valuation of the level 3 financial instruments, the Sole Sponsor has reviewed and understood the classification policy of financial instruments into level 3 fair value hierarchy. The Sole Sponsor has further conducted relevant due diligence work, including but not limited to (1) discussion with the Company about the rationale of the transactions and key basis and assumptions for the valuation; (2) review of valuation report of the financial instruments; (3) discussion with the Reporting Accountants about their work performed in connection with the valuation of the Company's financial instruments; and (4) discussion with the valuer as to their competence and previous experience in valuation of similar financial instruments. Having considered the above, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to cast reasonable doubt on the relevant valuation work performed for the Company's level 3 financial instruments during the Track Record Period.

Details of the fair value measurements of financial assets, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value are disclosed in Note 40 of the Accountants' Report in Appendix I to this document.

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 financed our capital expenditures and working capital requirements primarily through cash generated from financing activities. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, [**REDACTED**] from the [**REDACTED**] and other funds raised from the capital markets from time to time. We monitor our cash flows and cash balance and funding requirement on a regular basis. We strive to maintain optimal liquidity that meets our working capital requirement. Our net current liabilities positions as of January 31, 2024, were primarily attributable to financial liabilities at FVTPL in relation to our shares with preferential rights, partially offset by cash and cash equivalents and financial assets at FVTPL. We do not expect to record any fair value changes in such instruments following the completion of the [**REDACTED**]. See Note 33 to the Accountants' Report in Appendix I to this document for details.

As of December 31, 2020, 2021, 2022 and September 30, 2023, we had cash and cash equivalents of RMB273.1 million, RMB505.0 million, RMB237.2 million and RMB211.4 million, respectively. Taking into account the financial resources available to us, including cash and cash equivalents, bank deposits, cash flows from operating activities and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
Net cash used in operating activities	(80,069)	(13,989)	(64,276)	(132,199)	(128,413)
Net cash (used in)/from investing activities	(209,046)	(189,776)	(189,804)	(197,441)	121,433
Net cash from/(used in) financing activities	94,183	435,669	(13,720)	(11,974)	(18,866)
Net (decrease)/increase in cash and cash equivalents	(194,932)	231,904	(267,800)	(341,614)	(25,846)
Cash and cash equivalents at the beginning of the year/period	468,034	273,102	505,006	505,006	237,206
Cash and cash equivalents at the end of the year/period	273,102	505,006	237,206	163,392	211,360

Net cash used in operating activities

Net cash used in operating activities was RMB128.4 million in the nine months ended September 30, 2023, primarily due to our loss before tax of RMB213.4 million, adjusted for (1) certain non-cash and non-operating items, primarily including share-based payment expenses of RMB163.7 million and fair value changes of financial assets and liabilities at FVTPL of RMB97.8 million, (2) changes in working capital that positively affected the cash flows, primarily including decrease in trade and other receivables, deposits and prepayments of RMB9.0 million, partially offset by (3) changes in working capital that negatively affected the cashflows, primarily including increase in contract assets of RMB9.1 million and increase in contract assets of RMB6.6 million.

Net cash used in operating activities was RMB64.3 million in 2022, primarily due to our loss before tax of RMB156.0 million, adjusted for (1) certain non-cash and non-operating items, primarily including fair value changes of financial assets and liabilities at FVTPL of RMB53.5 million, depreciation of right-of-use assets of RMB12.5 million, share-based payment expenses of RMB10.5 million, and interest income of RMB3.9 million, (2) changes in working capital that negatively affected the cash flows, primarily including an increase in contract costs of RMB25.4 million, an increase in contract assets of RMB8.2 million, and an increase in trade and other receivables, deposits and prepayment of RMB5.6 million, partially offset by (3) changes in working capital that positively affected the cash flows, primarily including an increase in contract liabilities of RMB34.8 million and a decrease in amounts due from related parties of RMB18.5 million.

Net cash used in operating activities was RMB14.0 million in 2021, primarily due to our loss before tax of RMB448.4 million, adjusted for (1) certain non-cash and non-operating items, primarily including fair value changes of financial assets and liabilities at FVTPL of RMB265.5 million, share-based payment expenses of RMB161.4 million, depreciation of right-of-use assets of RMB10.1 million and depreciation of property, plant and equipment of RMB5.6 million, (2) changes in working capital that negatively affected the cash flows, primarily including an increase in trade and other receivables, deposits and prepayments of RMB21.1 million, an increase in amounts due from related parties of RMB16.3 million, and a decrease in amounts due to related parties of RMB15.5 million, partially offset by (3) changes in working capital that positively affected the cash flows, primarily including an increase in trade and other payables of RMB33.3 million and an increase in contract liabilities of RMB25.8 million.

Net cash used in operating activities was RMB80.1 million in 2020, primarily due to our loss before tax of RMB388.8 million, adjusted for (1) certain non-cash and non-operating items, primarily including fair value changes of financial assets and liabilities at FVTPL of RMB285.9 million, share-based payment expenses of RMB49.8 million and depreciation of right-of-use assets of RMB10.1 million, (2) changes in working capital that negatively affected the cash flows, primarily including an increase in contract assets of RMB48.3 million and an increase in contract costs of RMB15.5 million, partially offset by (3) changes in working capital that positively affected the cash flows, primarily including an increase in trade and other payables of RMB41.0 million and an increase in contract liabilities of RMB6.5 million.

Net cash (used in)/from investing activities

Net cash from investing activities was RMB121.4 million in the nine months ended September 30, 2023, primarily attributable to redemption of wealth management products of RMB650.0 million and withdrawal of term deposits of RMB80.0 million, partially offset by purchases of wealth management products of RMB600.0 million.

Net cash used in investing activities was RMB189.8 million in 2022, primarily attributable to purchases of wealth management products of RMB1,400.0 million, placement of term deposits of RMB80.0 million, payments for associates with preferential rights investments and the arrangement/right to receive additional shares at nominal consideration of RMB16.6 million, and investments in associates of RMB11.9 million, partially offset by redemption of wealth management products of RMB1,210.0 million and withdrawal of term deposits of RMB100.0 million.

Net cash used in investing activities was RMB189.8 million in 2021, primarily attributable to purchases of wealth management products of RMB594.0 million, placement of term deposits of RMB150.0 million, payments for associates with preferential rights investments and the arrangement/rights to receive additional shares at nominal consideration of RMB34.0 million, and investments in associates of RMB21.8 million, partially offset by redemption of wealth management products of RMB584.0 million and withdrawal of term deposits of RMB30.0 million.

Net cash used in investing activities was RMB209.0 million in 2020, primarily attributable to purchases of wealth management products of RMB1,739.7 million, investments in associates of RMB31.8 million and placement of term deposits of RMB30.0 million, partially offset by redemption of wealth management products of RMB1,589.7 million and interest of term deposits and wealth management products of RMB11.0 million.

Net cash from/(used in) financing activities

Net cash used in financing activities was RMB18.9 million in the nine months ended September 30, 2023, primarily attributable to repayments of lease liabilities of RMB13.7 million and prepayments of share issue costs of RMB5.1 million.

Net cash used in financing activities was RMB13.7 million in 2022, representing repayments of lease liabilities of RMB12.0 million and prepayments of share issue costs of RMB1.7 million.

Net cash from financing activities was RMB435.7 million in 2021, primarily attributable to proceeds from issue of shares with preferential rights of RMB443.5 million, partially offset by repayments of lease liabilities of RMB7.2 million.

Net cash from financing activities was RMB94.2 million in 2020, primarily attributable to proceeds from issue of shares with preferential rights of RMB105.2 million, partially offset by repayments of lease liabilities of RMB11.0 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 September 30,	As of January 31,
	2020	2021	2022	2023	2024
	(RMB in thousands)				
					(unaudited)
Current assets					
Inventories	13,399	8,972	10,992	6,266	[4,384]
Contract costs	28,086	18,245	42,026	49,354	[49,090]
Contract assets	64,619	68,836	77,891	84,126	[90,270]
Trade and other receivables, deposits and prepayments	57,793	78,332	85,188	81,374	[72,833]
Amounts due from related parties	2,987	19,260	3,631	7,225	[19,638]
Financial assets at FVTPL	200,666	218,856	400,900	351,770	[300,205]
Restricted bank deposits	847	515	103	2,063	[2,058]
Short-term bank deposits with maturity over three months	30,198	104,785	80,472	108,970	[—]
Cash and cash equivalents	273,102	505,006	237,206	211,360	[380,477]
	671,697	1,022,807	938,409	902,508	[918,955]
Current liabilities					
Lease liabilities	6,578	10,312	18,442	14,425	[14,767]
Trade and other payables	162,574	140,465	136,919	144,286	[168,321]
Tax liabilities	—	—	31	186	[204]
Contract liabilities	104,817	130,631	165,476	161,333	[121,452]
Financial liabilities at FVTPL	—	216,650	2,151,922	2,057,386	[2,057,386]
Amounts due to related parties	29,518	14,020	11,052	15,883	[20,935]
	303,487	512,078	2,483,842	2,393,499	[2,383,065]
Net current assets/(liabilities)	368,210	510,729	(1,545,433)	(1,490,991)	[(1,464,110)]

We had net current assets of RMB368.2 million and RMB510.7 million as of December 31, 2020 and 2021, respectively. We had net current liabilities of RMB1,545.4 million and RMB1,491.0 million as of December 31, 2022 and September 30, 2023, respectively. Our net current assets position as of December 31, 2020 and 2021 was primarily attributable to our cash and cash equivalents, financial assets at FVTPL, trade and other receivables, and short-term bank deposits with maturity over three months, partially offset by financial liabilities at FVTPL, contract liabilities and trade and other payables.

Our net current liabilities position as of December 31, 2022 and September 30, 2023 was primarily attributable to financial liabilities at FVTPL in relation to our shares with preferential rights, partially offset by financial assets at FVTPL. We do not expect to record any fair value changes in such instruments following the completion of the [**REDACTED**]. See Note 33 to the Accountants' Report in Appendix I to this document for details.

Our net current liabilities remained relatively stable at RMB1,491.0 million and RMB[1,464.1] million as of September 30, 2023 and January 31, 2024, respectively.

Our net current liabilities decreased from RMB1,545.4 million as of December 31, 2022 to RMB1,491.0 million as of September 30, 2023, primarily due to a decrease of RMB94.5 million in current financial liabilities at FVTPL.

We recorded net current liabilities of RMB1,545.4 million as of December 31, 2022, as compared to net current assets of RMB510.7 million as of December 31, 2021, primarily due to the reclassification of financial liabilities at FVTPL in connection with our shares with preferential rights from non-current to current liabilities.

Our net current assets increased from RMB368.2 million as of December 31, 2020 to RMB510.7 million as of December 31, 2021, primarily due to the increases in cash and cash equivalents and short-term deposits with maturity over three months, as a result of receipts of proceeds from issue of shares with preferential rights.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period, consisting primarily of purchases of property, plant and equipment and intangible assets, were RMB8.4 million, RMB4.8 million, RMB4.5 million and RMB5.5 million, respectively, in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively. We funded our capital expenditure requirements during the Track Record Period mainly from capital injection from shareholders and cash on hand.

We plan to fund our planned capital expenditure by using capital injection from shareholders, cash on hand and the [**REDACTED**] from this [**REDACTED**]. See "Future Plans and [**REDACTED**]" for certain details of our expansion plan.

Capital Commitments

Our capital commitments primarily related to our capital expenditure in acquisition of equity interests in associates. The following table sets forth a summary of our capital commitments as of the dates indicated.

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Contracted but not provided for:				
Capital expenditure in respect of acquisition of equity interests in associates	50,115	22,250	22,250	29,930

INDEBTEDNESS

Our indebtedness during the Track Record Period consisted primarily of lease liabilities. Our lease liabilities as of December 31, 2020, 2021, 2022, and September 30, 2023 and January 31, 2024, being the latest practicable date for the purpose of indebtedness statement, were as follows.

	As of December 31,			As of September 30,	As of January 31,
	2020	2021	2022	2023	2024
	(RMB in thousands)				
					(unaudited)
Lease liabilities, current	6,578	10,312	18,442	14,425	[14,767]
Lease liabilities, non-current	304	25,364	7,354	2,137	[1,210]
Total	6,882	35,676	25,796	16,562	[15,977]

Save as disclosed above, we did not have any outstanding loan, capital issued or agreed to be issued, debt securities, mortgages, charges, debentures, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase commitments or other contingent liabilities as of the Latest Practicable Date. We had not guaranteed the indebtedness of any independent third parties as of the Latest Practicable Date. Our Directors confirm that there has not been any material change in our indebtedness since January 31, 2024.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group.

[**REDACTED**]

We expect to incur a total of approximately [**REDACTED**] million ([**REDACTED**] million) of [**REDACTED**] in connection with the [**REDACTED**], representing approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] (assuming an [**REDACTED**] of [**REDACTED**], being the mid-point of the [**REDACTED**] between [**REDACTED**] and [**REDACTED**], and assuming that the [**REDACTED**] is not exercised), including (1) sponsor fees and [**REDACTED**], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [**REDACTED**] of approximately [**REDACTED**] million ([**REDACTED**] million), and (2) [**REDACTED**] of approximately [**REDACTED**] million ([**REDACTED**] million), which consist of (i) fees and expenses of legal advisors and accountants of approximately [**REDACTED**] million ([**REDACTED**] million), and (ii) other fees and expenses of approximately [**REDACTED**] million ([**REDACTED**] million). Approximately [**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss, and approximately [**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

	As of/for the year ended December 31,			As of/for the nine months ended September 30,	
	2020	2021	2022	2022	2023
Profitability ratios					
Gross profit margin(1)	46.1%	47.6%	40.8%	41.4%	29.1%
Net loss margin(2)	133.6%	98.8%	29.7%	27.0%	45.6%
Liquidity ratios					
Current ratio(3)	2.2	2.0	0.4	N/A	0.4

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

(2) The calculation of net loss margin is based on loss for the year/period divided by revenue for the respective year/period and multiplied by 100.0.

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

Analysis of Key Financial Ratios

Gross Profit Margin and Net Loss Margin

See "—Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin and net loss margin during the Track Record Period.

Current Ratio

Our current ratio remained relatively stable at 2.2 as of December 31, 2020 and 2.0 as of December 31, 2021, and decreased to 0.4 as of December 31, 2022, primarily due to the reclassification of financial liabilities at FVTPL in connection with our shares with preferential rights from non-current to current liabilities. Our current ratio remained stable at 0.4 as of September 30, 2023.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms comparable to the terms of transactions with other entities that are not related parties. During the Track Record Period, we entered into a number of related party transactions. For details of our related party transactions, see Note 42 to the Accountants' Report in Appendix I to this document. The following table sets forth our balance with related parties as of the dates indicated.

	As of/for the year ended December 31,			As of/ for the nine months ended September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Amounts due from related parties				
Trade related	2,947	3,529	3,568	7,172
Non-trade related	40	15,731	63	53
Amounts due to related parties				
Trade related	29,403	13,905	10,937	15,677
Non-trade related	115	115	115	206

During the Track Record Period, our non-trade related amount due from related parties primarily consisted of amount due from Ms. Chen, our Controlling Shareholder, and Beijing Baiwang Rongxin Technology Co., Ltd., controlled by Ms. Chen ("Baiwang Rongxin"). The balance of RMB15.7 million as of December 31, 2021 was related to the working capital needs of Beijing Zhongshui Yitong Technology Co., Ltd., controlled by Ms. Chen ("Zhongshui Yitong").

Zhongshui Yitong was founded in December 2013 and primarily engaged in the research and development of tax-filing CD-ROM products for enterprises. As such products were rendered obsolete by the development of internet and mobile technologies, Zhongshui Yitong decided to terminate the relevant product and business development and deregister in December 2020. Due to its de-registration, the obligation to repay such receivable was assumed by Baiwang Rongxin. The balance was then considered recoverable by us as unsecured and repayable on demand, with an agreed interest rate of 3.8%.

During the Track Record Period, there was not any sharing of resources, including without limitation, plant and equipment, manpower, administrative functions, banking facilities or otherwise, between Zhongshui Yitong or Baiwang Rongxin, and our Group, shareholders, directors employees or any of the associates of our Group.

During the Track Record Period, we also had non-trade related amount due from other related parties of RMB40,000, RMB63,000 and RMB53,000 as of December 31, 2020 and 2022 and September 30, 2023, respectively, which were unsecured, interest-free and repayable on demand. Non-trade related balance from other related parties was primarily originated from advances to some of our senior management.

We expect to settle the non-trade related balance with related parties prior to the [**REDACTED**].

According to the General Lending Provision (貸款通則) issued by the PBOC in 1996 (the "General Lending Provisions"), only financial institutions are licensed to engage in business of extending loans, and loans between enterprises other than financial institutions are prohibited. The PBOC may impose penalties on illegal enterprise lenders in the amount equivalent to one to five times the income arising from loan-advancing activities. Notwithstanding the General Lending Provisions, the Supreme People's Court has had new interpretations concerning financing arrangements and lending transactions between non-financial institutions in the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的研究) which came into effect on June 23, 2015 and was latest amended in December 2020 (the "Private Lending Provisions"), pursuant to which the Supreme People's Court recognizes the validity and legality of financing arrangements and lending transactions between non-financial institutions, so long as the private lending contract which the enterprises entered into is for the need of production and business operation and does not fall into certain situations stipulated in the PRC Civil Code and the Private Lending Provisions. According to the Private Lending Provisions, relevant people's courts shall uphold the claim by the lender on the payment of the interests under the lending contract whereby the annual interest rate agreed upon by the parties to the lending contract does not exceed four times of the loan prime rate for one-year loan when the contract is concluded.

Our Directors confirmed that (1) such loans/advances made to Ms. Chen Jie and her controlled entity or others were for business operation purposes and did not fall into the situations which would lead to the invalidation of such loans/advances; (2) the annual interest rate of the loans/advances made to Ms. Chen Jie and her controlled entity is within the scope allowed by the Private Lending Provisions, and the loans/advances made to others did not generate any interest income; (3) the Company had not received any notice of claim or was subject to any investigation or penalty for the loans/advances made to Ms. Chen Jie and her controlled entity or others during the Track Record Period and up to the Latest Practicable Date.

Based on the Director confirmation and the abovementioned analysis, our PRC legal Advisor is of the view that: (1) the loans/advances made to Ms. Chen Jie and her controlled entity and others were valid under the current PRC laws and regulations and do not violate any mandatory provision of applicable PRC laws and regulations; and (2) such loans/advances were legally binding on the parties.

Our Directors believe that each of the related party transactions was conducted in the ordinary course of business on an arm's length basis. Our Directors are of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Our principal financial instruments comprise financial assets at FVTPL, trade and other receivables, cash and cash equivalents, amount due from related parties, lease liabilities, trade and other payables, amount due to related parties and financial liabilities at FVTPL. We are exposed to a variety of financial risks, primarily including market risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Our senior management is responsible for our risk management. We regularly monitor our exposure and currently have not used any derivative financial instruments to hedge any of these financial risks.

Market Risk

Interest Rate Risk

We are exposed to cash flow interest rate risk relating to our bank balances and cash with market interest rate and market interest rate-indexed wealth management products. Our income and operating cash flows are substantially independent of changes in market interest rates. We are exposed to fair value interest risk relating to our term deposits, lease liabilities, wealth management products and our shares with preferential rights. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. As of September 30, 2023, we have not used any interest rate swaps to hedge our exposure to interest rate risk. For more details about our interest rate risk, see Note 40 to the Accountants' Report in Appendix I to this document.

Price Risk

We are exposed to price risk relating to (1) wealth management products and associates with preferential rights measured as financial assets at FVTPL, and (2) shares with preferential rights and contingent consideration for acquiring an associate measured as financial liabilities at FVTPL, because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market. Our management considers the price risk on our investments in the wealth management products is limited as the maturity periods of these investments are short.

Credit Risk

We are exposed to credit risk relating to bank balances and cash, restricted bank deposits, term deposits with maturity over three months, term deposits with maturity over one year, trade and other receivables, as well as amounts due from related parties and contract assets. The carrying amounts of each class of the above financial assets represent our maximum exposure to credit risk in relation to financial assets.

Our bank balances and cash, restricted bank deposits, term deposits with maturity over three months and term deposits with maturity over one year are mainly deposited in state-owned or reputable financial institutions in Mainland China. There has been no recent history of default in relation to these financial institutions. We consider the instruments have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are insignificant during the Track Record Period. We consider that there is no significant credit risk and no material losses due to the default of the other parties.

To manage risk arising from trade receivables and amounts due from related parties of trade nature, we have policies in place to ensure that credit terms are made to counterparties with an appropriate credit history, and our management performs ongoing credit evaluations of the counterparties. The credit period granted to the customers is typically between three to six months from the invoice dates, and the credit quality of these customers is assessed, which takes into account their financial position, past business dealings and other factors. In view of the sound collection history of receivables due from them, to measure the expected credit losses, trade receivables and amounts due from related parties of trade nature have been grouped based on shared credit risk characteristics and aging. In addition, trade receivables and amounts due from related parties of trade nature with significant balances or credit-impaired are assessed for estimated credit loss individually.

For more details about our credit risks, including our maximum exposure, see Note 40 to the Accountants' Report in Appendix I to this document.

DIVIDEND

During the Track Record Period, we did not declare any dividends. PRC laws require that dividends be paid only out of net profits calculated according to PRC GAAP, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including the IFRSs. PRC laws also require foreign invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

Although the calculation of our distributable profits is in accordance with PRC GAAP or IFRSs, whichever is lower, we do not expect such difference between distributable profits calculated under PRC GAAP and IFRSs to be material or have any substantive impact on any dividend to be declared. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Pursuant to our Articles of Association, an annual profit distribution proposal shall be proposed by the Board based on our profitability, capital supply and needs, which, subject to the approval by the Board, will be submitted to the Shareholders' general meeting for consideration. We may distribute profits by cash, Shares or a combination of cash and Shares. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be determined by our Shareholders.

DISTRIBUTABLE RESERVES

As of September 30, 2023, our Company had no distributable reserves. According to the PRC Company Law, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous year's accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reached 50% of its registered capital. We may pay dividends out of aftertax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisor, we cannot pay dividends if we are in an accumulated loss position.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there are 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.

NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, our business operations remained stable in all material respects. The number of invoices issued with our cloud financial & tax digitalization solutions was 669.6 million in the three months ended December 31, 2023, as compared to 650.0 million in the three months ended December 31, 2022. The number of viewing requests fulfilled for enterprise operation reports was 5.1 million for the three months ended December 31, 2023, as compared to 2.9 million in the three months ended December 31, 2022. The number of enterprises included in the enterprise operation reports delivered was 1.8 million in the three months ended December 31, 2023, as compared to 0.9 million in the three months ended December 31, 2022. 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 trading positions or prospects since September 30, 2023, being the date on which our latest audited consolidated financial statements were prepared, and there is no event since September 30, 2023 which would materially affect the information in the Accountants' Report set out in Appendix I to this document.

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. Government efforts to contain the spread of COVID-19, including city "stay-at-home" advice, widespread business closures, travel restrictions and emergency quarantines, have caused significant and unprecedented disruptions to the global economy and normal business operations across sectors and countries.

During the regional resurgence of COVID-19, we had to temporarily close certain of our offices. In addition, our ability to carry out effective sales and marketing activities were also temporarily restrained by the pandemic. A number of our employees were infected with the COVID-19 in December 2022, which temporarily disrupted our business operations. Moreover, certain of our customers were adversely affected by the COVID-19 pandemic, and we experienced difficulty in collecting trade receivables from these customers. Additionally, in 2022, we experienced temporary delays in delivering our financial & tax digitalization solutions due to the impact of COVID-19 pandemic, and as a result, our contract liabilities increased from RMB130.6 million as of December 31, 2021 to RMB165.5 million as of December 31, 2022. We downwardly adjusted the price of certain solutions to attract mid-market customers and retain existing customers amid the COVID-19 pandemic. In response, we have strengthened marketing efforts for our basic and standardized cloud financial & tax digitalization solutions towards price-sensitive customers with basic invoice-processing needs, and we would constantly follow up with these customers to up-sell our solutions. We also integrate the offerings of our financial & tax digitalization solutions and data-driven intelligence solutions, which differentiates our solutions from those of our market peers and enables us to expand our product and service coverage and increase average customer spending.

As of the Latest Practicable Date, we did not experience material business disruptions or operating difficulties due to the COVID-19 outbreak. We believe the COVID-19 outbreak has not materially affected our business relationships with our business partners. We have seen an increase in demands for enterprise digitalization solutions from customers, as offline business activities have been curtailed as a result of the national and regional quarantine measures.

We adopted several precautionary measures to maintain a safe and hygienic working environment, such as adopting COVID-19 disinfecting techniques for our offices, distributing masks for employees, adopting flexible working schedules and locations, and implementing internal reporting system.

See "Risk Factors—Risks Relating to Our Business and Industry—Any catastrophe, including outbreaks of health pandemics and other extraordinary events, could have a negative impact on our business operations" for more details of the risks we are exposed to due to health epidemics and other outbreaks.

[REDACTED] ADJUSTED CONSOLIDATED TOTAL TANGIBLE ASSETS LESS LIABILITIES OF OUR GROUP

The following [**REDACTED**] adjusted consolidated total tangible assets less liabilities of our Group has been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of [**REDACTED**] 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 consolidated tangible assets as of September 30, 2023 as if it had taken place on that date.

Our [**REDACTED**] adjusted consolidated total tangible assets less liabilities of our Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our financial position had the [**REDACTED**] been completed as of September 30, 2023 or any future date. It is prepared based on our consolidated net tangible assets as of September 30, 2023 as set out in the Accountants' Report in Appendix I to this document, and adjusted as described below.

	Audited consolidated total tangible assets less liabilities of our Group attributable to owners of our Company as of September 30, 2023[(1)]	Estimated [REDACTED] from the [REDACTED]	[REDACTED] adjusted consolidated total tangible assets less liabilities of our Group attributable to owners of our Company as of September 30, 2023	[REDACTED] adjusted consolidated total tangible assets less liabilities of our Group attributable to owners of our Company as of September 30, 2023 per Share[(3)]	
		(RMB in thousands)		RMB	HK$[(4)]
Based on the [REDACTED] of [REDACTED] per Share	[(1,284,809)]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on the [REDACTED] of [REDACTED] per Share	[(1,284,809)]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

(1) The [**REDACTED**] statement of adjusted consolidated total tangible assets less liabilities of our Group attributable to owners of our Company as of September 30, 2023 is based on the consolidated deficits attributable to owners of our Company amounted to RMB[1,277,878,000], with adjustments for intangible assets of our Group as of September 30, 2023 of RMB[6,931,000] extracted from the Accountants' Report set forth in Appendix I to the document.

(2) The estimated [**REDACTED**] from the [**REDACTED**] are based on the [**REDACTED**] of [**REDACTED**] per Share and [**REDACTED**] per Share, after deduction of the [**REDACTED**] and other related expenses payable by our Company and does not take into account of any Shares which may be issued upon the exercise of the [**REDACTED**]. The estimated [**REDACTED**] from the [**REDACTED**] are [**REDACTED**] from Hong Kong dollars into RMB at an exchange rate of HK$1.0000 to RMB[0.9161] prevailing on [June 20, 2023].

(3) The [**REDACTED**] adjusted consolidated net tangible assets per Share is calculated based on [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] and does not take into account of any Shares which may be issued upon the exercise of the [**REDACTED**].

(4) The [**REDACTED**] adjusted consolidated net tangible assets per Share is [**REDACTED**] into Hong Kong dollars at an exchange rate of HK$1.0000 to RMB[0.9161] prevailing on [June 20, 2023].

FUTURE PLANS

See "Business—Growth Strategies" for a detailed description of our future plans.

[REDACTED]

We estimate that the [**REDACTED**] of the [**REDACTED**], after deducting the estimated [**REDACTED**] and other fees and expenses payable by us in connection with the [**REDACTED**], will be approximately [**REDACTED**] million, assuming an [**REDACTED**] of [**REDACTED**] per Share (being the mid-point of the indicative range of the [**REDACTED**] of [**REDACTED**] to [**REDACTED**] per Share), and that the [**REDACTED**] is not exercised.

We currently intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts as set out below:

	For the year ending December 31,					
	2024	**2025**	**2026**	**2027**	**2028**	**2029**
	(HK$ in millions)					
Solution upgrade and function enhancement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research & development	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sales and marketing initiatives	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Selective acquisitions and investments	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and other general purposes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

The basis and details of our estimated use of the [**REDACTED**] are set out as below.

- Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**] million ([**REDACTED**] million), will be used to upgrade and enhance the functions and features of our solutions and further expand our solution portfolio. See "Business—Growth Strategies—Continue to enrich solution functions and expand solution portfolio" for details.

  (1) Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**] million ([**REDACTED**] million), will be used primarily to enhance the function of our current solutions and services. Specifically, we intend to:

  (i) utilize AI technologies to achieve the fully automated processing of transaction documents and reduce enterprises' compliance risks by improving the multi-scenario e-invoice processing capability. We plan to recruit a total of 84 product development specialists over the course of six years to implement our plan, with an estimated average annual salary of approximately RMB0.3 million. Approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] will be used to provide salary and compensation for such personnel. Approximately [**REDACTED**] will be used to purchase software and hardware equipment for such personnel's use in office.

(ii) upgrade the digitalization modules for the filing and management of digital transaction documents to improve intelligent and automatic processing capability. We plan to recruit a total of 52 product development specialists over the course of six years to implement our plan, with an estimated average annual salary of approximately [**REDACTED**] million. Approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] will be used to provide salary and compensation for such personnel. Approximately [**REDACTED**] will be used to purchase software and hardware equipment for such personnel's use in office.

(iii) upgrade the reconciliation and automation modules in the intelligent supply chain collaboration solutions to improve automation features. We plan to recruit a total of 30 product development specialists over the course of six years to implement our plan, with an estimated average annual salary of approximately RMB0.3 million. Approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] will be used to provide salary and compensation for such personnel. Approximately [**REDACTED**] will be used to purchase software and hardware equipment for such personnel's use in office.

(iv) enhance the risk control capability of risk intelligence services to lay the foundation of our model-as-a-service business. We plan to standardize the risk control functions of our risk intelligence services based on different financing models and scenarios and devise risk control models with wide applicability that address customers' risk control needs. We plan to recruit a total of 28 product development specialists over the course of six years to implement our plan, with an estimated average annual salary of approximately RMB0.3 million. Approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] will be used to provide salary and compensation for such personnel. Approximately [**REDACTED**] will be used to purchase software and hardware equipment for such personnel's use in office.

(2) Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**] million ([**REDACTED**] million) will be used to launch new solution offerings to satisfy customer demands for diversified solutions and services. Specifically, we plan to:

(i) diversify the type of transaction documents that can be automatically processed. We plan to recruit a total of 21 product development specialists over the course of six years to implement our plan, with an estimated average annual salary of approximately RMB0.5 million. Approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] will be used to provide salary and compensation for such personnel. Approximately [**REDACTED**] will be used to purchase software and hardware equipment for such personnel's use in office.

(ii) build a tax platform to host more intelligent financial & tax management solutions tailored to meet the recent development of Golden Tax Project. We plan to recruit a total of 21 product development specialists over the course of six years to implement our plan, with an estimated average annual salary of approximately RMB0.5 million. Approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] will be used to provide salary and compensation for such personnel. Approximately [**REDACTED**] will be used to purchase software and hardware equipment for such personnel's use in office.

(iii) build multi-industry collaboration platforms that form collaborative processing engines for specific business and transaction documents. We currently plan to apply such collaborative processing platform to logistics and commerce industries. For the logistics industry, our collaboration platforms will enable information sharing, collaborative operation and real-time data tracking among participants to improve their logistics efficiency and visibility and reduce costs. For the commerce industry, leveraging our data intelligence analysis capabilities, we intend to integrate and analyze supply chain-related financial and tax data to support enterprise customers business projections and decision-making and optimize their supply chain management and risk control. We plan to recruit a total of 34 product development specialists over the course of six years to implement our plan, with an estimated average annual salary of approximately RMB0.5 million. Approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] will be used to provide salary and compensation for such personnel. Approximately [**REDACTED**] will be used to purchase software and hardware equipment for such personnel's use in office.

(iv) improve our big data technology to extend the application of data-driven intelligence solutions into financial products for industry-specific supply chain participants and business partners of corporate conglomerates. We plan to recruit a total of 59 product development specialists over the course of six years to implement our plan, with an estimated average annual salary of approximately RMB0.5 million. Approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] will be used to provide salary and compensation for such personnel. Approximately [**REDACTED**] will be used to purchase software and hardware equipment for such personnel's use in office.

- Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**] million ([**REDACTED**] million), will be used to enhance R&D capabilities. See "Business—Growth Strategies—Invest in core technologies and drive product innovation on *Baiwang Cloud* platform" for details.

(1) Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**] million ([**REDACTED**] million), will be used to expand our internal R&D teams and enhance our R&D efficiency. We intend to hire R&D talents that specialize in software and product development, architect, algorithm, testing and maintenance. We intend to recruit a total of 109 R&D specialists over the course of six years. We expect such personnel to hold bachelor degrees or above with more than three years of work experiences in the above mentioned areas. We expect annual salary and compensation of these personnel to range from RMB0.2 million to RMB0.6 million.

(2) Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**] million ([**REDACTED**] million), will be used to optimize and develop our existing infrastructures. Specifically, we intend to (i) purchase R&D equipment, such as cloud servers, network equipment and mobile devises, to ensure the stable and smooth operation of our R&D and testing activities; (ii) procure software and systems, such as cloud database, ERP, finance, payment and other system software, to conduct integration tests of our solutions and the relevant finance and tax systems; and (iii) acquire or develop our software copyrights and patents, such as software copyrights for our co-pilot system, intelligent financial and tax management system and tax platform, to protect our intellectual property rights.

(3) Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**] million ([**REDACTED**] million), will be used to build our business operation platform, data platform and technology platform as middle platforms to upgrade the functions of our *Baiwang Cloud* platform, by developing and optimizing solutions that utilize data modeling and advanced cloud-native technologies, such as micro services and service-oriented architecture.

- Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**] million ([**REDACTED**] million), will be used to develop our sales and marketing initiatives. We intend to build and scale our sales network in southwestern, central, northeastern and northwestern China to establish a nationwide customer network. We intend to recruit a total of approximately 93 sales and marketing personnel over the course of six years to be stationed in these regions, and invest resources to support their sales and marketing activities. Such personnel shall possess three years of work experiences in business-to-business sales, public relations, customer relationship management and marketing. We expect annual salary and compensation for these personnel to range from RMB0.2 million to RMB0.4 million. See "Business—Growth Strategies—Expand customer base in more industry verticals and improve monetization opportunities" for details.

- Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**] million ([**REDACTED**] million), will be used to collaborate with, and selectively pursue strategic investment and acquisition opportunities that are complementary or synergistic with our businesses to expand our existing product and service offerings, improve our technology capabilities and enhance our value propositions to our customers. Specifically, we will consider investing in or acquiring companies that develop cloud products for intelligent financial and tax management to complement our cloud service matrix, and companies that specialize in promoting financial and tax digitalization products within their respective provincial territories to extend our sales and marketing outreach. We may also make minority equity investments and increase shareholding in our current equity investees. For our minority investees, we intend to exercise our influence and safeguard our interest through directorship appointment and active participation in shareholder and board meetings. When evaluating target companies, we will take into consideration their (1) expected synergy with our business, (2) technology and expertise, (3) operating history, (4) ability to bring in new business opportunities and (5) financial performance. We expect the valuation of target companies acquired or invested by us to range from RMB10 million to RMB20 million per target Company. Based on our industry intelligence and concurred by the Industry Consultant, our Directors believe that we will be able to identify suitable acquisition targets that satisfy our selection criteria. As advised by the Industry Consultant, as of December 31, 2022, there were more than 50 companies that developed cloud products for intelligent financial and tax management and several hundreds of companies that specialize in promoting financial and tax digitalization products in China. As of the date of this document, we have not identified any investment target or entered into any definitive investment agreement. See "Business—Growth Strategies—Cultivate business ecosystem through strategic cooperation, investment, mergers and acquisitions" for details.

- Approximately [**REDACTED**] of the [**REDACTED**], or [**REDACTED**] million ([**REDACTED**] million), for working capital and other general corporate purposes.

The above allocation of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed below or above the mid-point of the indicative price range. Any additional [**REDACTED**] received from the exercise of the [**REDACTED**] will also be allocated to the above purposes on a pro rata basis. In the event that the [**REDACTED**] is exercised in full, we will receive [**REDACTED**] of [**REDACTED**] million (after deducting the estimated [**REDACTED**] and other fees and expenses payable by us in connection with the [**REDACTED**] and assuming an [**REDACTED**] of [**REDACTED**] per Share, being the mid-point of our [**REDACTED**]).

To the extent that the [**REDACTED**] are not immediately applied to the above purposes, we intend to deposit the [**REDACTED**] into short-term interest-bearing accounts with licensed banks or authorized financial institutions (in Hong Kong as defined under the Securities and Futures Ordinance or the applicable laws in the relevant jurisdiction for non-Hong Kong-based deposits) so long as it is deemed to be in the best interests of our Company.

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

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[REDACTED]

The following is the text of a report set out on pages I-1 to I-[102], received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BAIWANG CO., LTD. AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Baiwang Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages [I-4] to [I-102], which comprises the consolidated statements of financial position of the Group as at December 31, 2020, 2021 and 2022 and September 30, 2023, the statements of financial position of the Company as at December 31, 2020, 2021 and 2022 and September 30, 2023, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2022 and the nine months ended September 30, 2023 (the "Track Record Period") and a summary of material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-4] to [I-102] forms an integral part of this report, which has been prepared for inclusion in the [●] of the Company dated [date1] (the "[●]") in connection with the [●] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2020, 2021 and 2022 and September 30, 2023, of the Company's financial position as at December 31, 2020, 2021 and 2022 and September 30, 2023, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 16 to the Historical Financial Information which states that no dividend was declared or paid by the Company or its subsidiaries in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards (the "IFRSs") issued by the International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi (the "RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,			Nine months ended September 30,	
	NOTES	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*7*	291,115	453,763	525,765	377,253	468,442
Cost of sales	*11*	(156,807)	(237,600)	(311,475)	(221,026)	(332,121)
Gross profit		134,308	216,163	214,290	156,227	136,321
Other income	*8*	2,741	2,700	9,875	5,208	2,777
Impairment losses under expected credit loss model, net of reversal	*9*	(792)	(1,751)	(1,217)	(1,588)	(1,283)
Other gains and losses	*10*	(1,283)	(1,301)	(2,330)	(2,293)	(989)
Research and development expenses	*11*	(114,137)	(137,777)	(144,281)	(108,514)	(135,460)
Administrative expenses	*11*	(56,011)	(137,091)	(73,504)	(55,594)	(144,938)
[**REDACTED**]	*11*	–	(6,366)	(16,307)	(10,087)	(18,642)
Distribution and selling expenses	*11*	(77,901)	(132,725)	(98,876)	(69,234)	(149,137)
Operating loss		(113,075)	(198,148)	(112,350)	(85,875)	(311,351)
Finance income	*12*	3,940	10,583	10,314	8,005	5,474
Finance costs	*13*	(738)	(243)	(1,567)	(1,218)	(806)
Fair value changes of financial assets and liabilities at fair value through profit or loss (the "FVTPL")	*14*	(285,910)	(265,523)	(53,491)	(20,309)	97,798
Share of results of associates and joint ventures		6,983	4,958	1,069	(2,347)	(4,524)
Loss before tax		(388,800)	(448,373)	(156,025)	(101,744)	(213,409)
Income tax expenses	*15*	–	–	(199)	(121)	(48)
Loss and total comprehensive expense for the year/period		(388,800)	(448,373)	(156,224)	(101,865)	(213,457)
Attributable to:						
Owners of the Company		(388,800)	(446,938)	(153,501)	(99,690)	(212,270)
Non-controlling interests		–	(1,435)	(2,723)	(2,175)	(1,187)
		(388,800)	(448,373)	(156,224)	(101,865)	(213,457)
Loss per share attributable to owners of the Company						
– Basic and diluted (RMB)	*17*	(2.78)	(3.19)	(1.10)	(0.71)	(1.52)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31, 2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000*	As at September 30, 2023 *RMB'000*
Non-current assets					
Property, plant and equipment	*20*	11,501	8,042	8,703	10,412
Right-of-use assets	*21*	10,667	36,408	24,609	18,494
Intangible assets	*22*	865	7,644	6,961	6,931
Investments in associates	*23*	80,027	75,171	87,027	87,479
Investments in joint ventures	*24*	8,333	9,739	10,845	13,874
Deposits paid for investment in an associate	*23*	–	5,200	–	–
Financial assets at FVTPL	*25*	–	19,440	39,487	32,648
Contract costs	*29*	21,968	36,471	38,088	39,822
Contract assets	*32*	692	1,239	161	245
Long-term bank deposits	*30*	52,506	103,027	106,427	–
Prepayments		5,000	671	–	–
		191,559	303,052	322,308	209,905
Current assets					
Inventories	*27*	13,399	8,972	10,992	6,266
Contract costs	*29*	28,086	18,245	42,026	49,354
Contract assets	*32*	64,619	68,836	77,891	84,126
Trade and other receivables, deposits and prepayments	*28*	57,793	78,332	85,188	81,374
Amounts due from related parties	*42*	2,987	19,260	3,631	7,225
Financial assets at FVTPL	*25*	200,666	218,856	400,900	351,770
Restricted bank deposits	*30*	847	515	103	2,063
Short-term bank deposits with maturity over three months	*30*	30,198	104,785	80,472	108,970
Cash and cash equivalents	*30*	273,102	505,006	237,206	211,360
		671,697	1,022,807	938,409	902,508
Current liabilities					
Lease liabilities	*21*	6,578	10,312	18,442	14,425
Trade and other payables	*31*	162,574	140,465	136,919	144,286
Tax liabilities		–	–	31	186
Contract liabilities	*32*	104,817	130,631	165,476	161,333
Financial liabilities at FVTPL	*33*	–	216,650	2,151,922	2,057,386
Amounts due to related parties	*42*	29,518	14,020	11,052	15,883
		303,487	512,078	2,483,842	2,393,499
Net current assets (liabilities)		368,210	510,729	(1,545,433)	(1,490,991)
Total assets less current liabilities		559,769	813,781	(1,223,125)	(1,281,086)

		As at December 31,			As at September 30,
	NOTES	**2020**	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital and reserves					
Share capital	*34*	140,000	140,000	140,000	140,000
Reserves		(940,747)	(1,226,267)	(1,369,299)	(1,417,878)
Deficits attributable to owners of the Company		(800,747)	(1,086,267)	(1,229,299)	(1,277,878)
Non-controlling interests		–	(1,435)	(4,158)	(5,345)
Total deficits		(800,747)	(1,087,702)	(1,233,457)	(1,283,223)
Non-current liabilities					
Lease liabilities	*21*	304	25,364	7,354	2,137
Financial liabilities at FVTPL	*33*	1,360,212	1,876,119	2,830	–
Deferred tax liabilities	*26*	–	–	148	–
		1,360,516	1,901,483	10,332	2,137
Total deficits and non-current liabilities		559,769	813,781	(1,223,125)	(1,281,086)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at December 31, 2020	2021	2022	As at September 30, 2023
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	20	11,479	8,039	8,675	10,053
Right-of-use assets	21	10,667	36,408	24,609	16,273
Intangible assets	22	865	7,638	6,957	6,928
Investment in subsidiaries		83,017	83,017	103,017	103,017
Investments in associates	23	79,901	74,144	74,169	74,292
Investments in joint ventures	24	8,333	9,739	10,845	10,676
Financial assets at FVTPL	25	–	19,440	19,443	18,234
Contract costs	29	21,968	36,471	38,088	39,822
Contract assets	32	692	1,239	161	245
Long-term bank deposits	30	52,506	103,027	106,427	–
Prepayments		5,000	671	–	–
		274,428	379,833	392,391	279,540
Current assets					
Inventories	27	13,525	9,000	10,992	6,266
Contract costs	29	28,086	18,245	42,026	49,354
Contract assets	32	62,521	56,775	61,072	72,152
Trade and other receivables, deposits and prepayments	28	46,233	47,723	61,036	63,193
Amounts due from related parties	42	40,019	189,826	97,934	121,470
Financial assets at FVTPL	25	200,666	218,856	400,900	351,770
Restricted bank deposits	30	847	515	103	2,063
Short-term bank deposits with maturity over three months	30	30,198	84,535	80,472	108,970
Cash and cash equivalents	30	238,661	377,807	158,369	149,133
		660,756	1,003,282	912,904	924,371
Current liabilities					
Lease liabilities	21	6,578	10,312	18,442	13,578
Trade and other payables	31	137,226	94,184	101,419	111,893
Contract liabilities	32	102,200	122,571	156,899	154,890
Financial liabilities at FVTPL	33	–	216,650	2,151,922	2,057,386
Amounts due to related parties	42	80,220	59,643	39,621	57,512
		326,224	503,360	2,468,303	2,395,259
Net current assets (liabilities)		334,532	499,922	(1,555,399)	(1,470,888)
Total assets less current liabilities		608,960	879,755	(1,163,008)	(1,191,348)

		As at December 31,			As at September 30,
	NOTES	**2020**	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital and reserves					
Share capital	*34*	140,000	140,000	140,000	140,000
Reserves	*35*	(891,556)	(1,161,728)	(1,310,362)	(1,332,161)
Total deficits		(751,556)	(1,021,728)	(1,170,362)	(1,192,161)
Non-current liabilities					
Lease liabilities	*21*	304	25,364	7,354	813
Financial liabilities at FVTPL	*33*	1,360,212	1,876,119	–	–
		1,360,516	1,901,483	7,354	813
Total deficits and non-current liabilities		608,960	879,755	(1,163,008)	(1,191,348)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital *RMB'000*	Capital reserves *RMB'000*	Share-based payments reserves *RMB'000* *(Note 36)*	Accumulated losses *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As at January 1, 2020	140,000	337,438	–	(939,157)	(461,719)	–	(461,719)
Loss and total comprehensive expense for the year	–	–	–	(388,800)	(388,800)	–	(388,800)
Recognition of share-based payment expenses	–	–	49,772	–	49,772	–	49,772
Cancelation of share-based payment expenses	–	–	(41,429)	41,429	–	–	–
As at December 31, 2020	140,000	337,438	8,343	(1,286,528)	(800,747)	–	(800,747)
Loss and total comprehensive expense for the year	–	–	–	(446,938)	(446,938)	(1,435)	(448,373)
Recognition of share-based payment expenses	–	118,606	42,812	–	161,418	–	161,418
As at December 31, 2021	140,000	456,044	51,155	(1,733,466)	(1,086,267)	(1,435)	(1,087,702)
Loss and total comprehensive expense for the year	–	–	–	(153,501)	(153,501)	(2,723)	(156,224)
Recognition of share-based payment expenses	–	–	10,469	–	10,469	–	10,469
As at December 31, 2022	140,000	456,044	61,624	(1,886,967)	(1,229,299)	(4,158)	(1,233,457)
Loss and total comprehensive expense for the period	–	–	–	(212,270)	(212,270)	(1,187)	(213,457)
Recognition of share-based payment expenses	–	114,126	49,565	–	163,691	–	163,691
Forfeiture of share-based payment expenses	–	–	(8,343)	8,343	–	–	–
As at September 30, 2023	140,000	570,170	102,846	(2,090,894)	(1,277,878)	(5,345)	(1,283,223)
As at January 1, 2022	140,000	456,044	51,155	(1,733,466)	(1,086,267)	(1,435)	(1,087,702)
Loss and total comprehensive expense for the period (unaudited)	–	–	–	(99,690)	(99,690)	(2,175)	(101,865)
Recognition of share-based payment expenses (unaudited)	–	–	7,511	–	7,511	–	7,511
As at September 30, 2022 (unaudited)	140,000	456,044	58,666	(1,833,156)	(1,178,446)	(3,610)	(1,182,056)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
OPERATING ACTIVITIES					
Loss before tax	(388,800)	(448,373)	(156,025)	(101,744)	(213,409)
Adjustments for:					
Share of results of associates and joint ventures	(6,983)	(4,958)	(1,069)	2,347	4,524
Share-based payment expenses	49,772	161,418	10,469	7,511	163,691
Depreciation of property, plant and equipment	6,381	5,611	3,453	2,550	2,724
Amortization of intangible assets	276	952	1,019	734	1,041
Depreciation of right-of-use assets	10,143	10,139	12,463	9,509	9,807
Loss on disposal of property, plant and equipment	9	6	30	–	31
Gain on early termination of a lease	–	–	–	–	(4)
Finance costs	738	243	1,567	1,218	806
Impairment losses under expected credit loss model, net of reversal	792	1,751	1,217	1,588	1,283
Interest income	(2,198)	(6,063)	(3,872)	(3,156)	(2,543)
Gain on partial disposal of investment in an associate	–	(1,613)	–	–	–
Fair value changes of financial assets and liabilities at FVTPL	285,910	265,523	53,491	20,309	(97,798)
Operating cash flows before movements in working capital	(43,960)	(15,364)	(77,257)	(59,134)	(129,847)
(Increase) decrease in inventories	(1,120)	4,524	(1,991)	(1,515)	4,726
(Increase) decrease in trade and other receivables, deposits and prepayments	(12,266)	(21,065)	(5,598)	6,671	9,044
Decrease (increase) in amounts due from related parties	2,605	(16,273)	18,538	(1,074)	(4,724)
Decrease in amounts due to related parties	(9,057)	(15,498)	(2,968)	1,014	4,831
Increase in contract costs	(15,486)	(4,662)	(25,398)	(23,842)	(9,062)
Increase in contract assets	(48,289)	(4,801)	(8,172)	(37,782)	(6,564)
Increase (decrease) in contract liabilities	6,477	25,814	34,845	1,077	(4,143)
Increase (decrease) in trade and other payables	41,027	33,336	3,745	(17,564)	7,367
Cash used in operations	(80,069)	(13,989)	(64,256)	(132,149)	(128,372)
Income taxes paid	–	–	(20)	(50)	(41)
NET CASH USED IN OPERATING ACTIVITIES	(80,069)	(13,989)	(64,276)	(132,199)	(128,413)

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	(2,958)	(2,120)	(4,144)	(3,353)	(4,464)
Purchases of intangible assets	(5,438)	(2,724)	(336)	(159)	(1,011)
Purchases of wealth management products	(1,739,700)	(594,000)	(1,400,000)	(870,000)	(600,000)
Redemption of wealth management products	1,589,700	584,000	1,210,000	680,000	650,000
Placement of term deposits	(30,000)	(150,000)	(80,000)	–	–
Withdrawal of term deposits	–	30,000	100,000	20,000	80,000
Deposits paid for investment in an associate	–	(5,200)	(5,000)	(5,000)	–
Investments in associates	(31,760)	(21,836)	(11,922)	(11,922)	(3,054)
Investments in joint ventures	–	–	–	–	(4,951)
Payments for associates with preferential rights investments and the arrangement/right to receive additional shares at nominal consideration	–	(34,015)	(16,623)	(16,623)	–
Interest of term deposits and wealth management products	10,975	5,668	17,809	9,247	6,873
Acquisition of a subsidiary	–	119	–	–	–
Placement of restricted bank deposits	(153)	(86)	(103)	(53)	(2,026)
Withdrawal of restricted bank deposits	288	418	515	422	66
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(209,046)	(189,776)	(189,804)	(197,441)	121,433
FINANCING ACTIVITIES					
Prepayments of share issued costs	–	(671)	(1,706)	(270)	(5,138)
Issue of shares with preferential rights	105,200	443,507	–	–	–
Repayments of lease liabilities	(11,017)	(7,167)	(12,014)	(11,704)	(13,728)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	94,183	435,669	(13,720)	(11,974)	(18,866)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(194,932)	231,904	(267,800)	(341,614)	(25,846)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	468,034	273,102	505,006	505,006	237,206
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	273,102	505,006	237,206	163,392	211,360

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Baiwang Co., Ltd. was incorporated in Beijing, People's Republic of China (the "PRC") on May 4, 2015 as a joint stock company with limited liability under the Company Law (PRC, 2013 Revision). The registered office and principal place of business of the Company is 14/F & 15/F, Building 1, Division 1, No. 81 Beiqing Road, Haidian District, Beijing, the PRC.

The Group is principally engaged in the provision of cloud-based software-as-a-service (the "SaaS") solutions and on-premises solutions for financial and tax compliance management, data-driven intelligence solutions as well as other enterprise needs, in the PRC. Ms. Chen Jie, Ningbo Xiu'an Enterprise Management Partnership (Limited Partnership) 寧波修安企業管理合夥企業(有限合夥) ("Ningbo Xiuan") (formerly known as Ningbo Xiu'an Equity Investment Partnership (Limited Partnership) (寧波修安股權投資合夥企業(有限合夥))) and Tianjin Duoying Technology Center (Limited Partnership) (天津多盈科技中心(有限合夥)) ("Tianjin Duoying") are controlling shareholders of the Company.

The Historical Financial Information is presented in the currency of RMB, which is also the functional currency of the Group.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information had been prepared based on the accounting policies set out in Note 4 which conform with IFRSs. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance (the "Companies Ordinance").

As at September 30, 2023, the Group and the Company had net current liabilities of RMB1,490,991,000 and RMB1,470,888,000. The net current liabilities primarily arise from the shares with preferential rights (the "Shares with Preferential Rights") amounting RMB2,057,386,000 as at September 30, 2023, of which all were classified as current liabilities as the Company has no control over certain conditions to defer payment over twelve months with the key terms as detailed in Note 33 within one year from September 30, 2023. As disclosed in Note 33, in June 2023, the Company and the holders of the Shares with Preferential Rights have entered into a supplemental agreement, and the directors of the Company (the "Directors") have considered that the redemption rights of these Shares with Preferential Rights cease to be exercisable and as a result, the Shares with Preferential Rights are not expected to be redeemed under the conditions detailed in Note 33 within twelve months since September 30, 2023.

Based on the working capital forecast of the Group for the next twelve months, taking into account the financial resources available to the Group, including cash and cash equivalents and wealth management products issued by banks on hand, and additional financing, the Directors believe that the Group will have sufficient cash resources to satisfy its future working capital in the next twelve months from the date of this report. Accordingly, the Directors consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

3. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Historical Financial Information, the Group has consistently applied the accounting policies which confirm with IFRSs that are effective for the accounting period beginning on January 1, 2023 throughout the Track Record Period.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1	*Non-current Liabilities with Covenants*[2]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[2]
Amendments to IAS 21	*Lack of Exchangeability*[3]

[1] Effective for annual periods beginning on or after a date to be determined

[2] Effective for annual periods beginning on or after January 1, 2024

[3] Effective for annual periods beginning on or after January 1, 2025

The Directors anticipate that the application of the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as disclosed in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, 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.

The principal accounting policies are set out below.

4.1 Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less identified impairment loss, if any.

4.2 Business combinations or asset acquisitions

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standard Committee's Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases are new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income and measured under IFRS 9 ***Financial Instruments*** would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

4.3 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

For investments in associates or joint ventures in the form of ordinary shares and without any preferential rights (and other shares that are substantively the same as ordinary shares), the results and assets and liabilities of associates and joint ventures are incorporated in these Historical Financial Information using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of result of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Financial interests in associates that are not in the form of ordinary shares or with preferential rights which change the substance of the ordinary shares are accounted for in accordance with IFRS 9.

An investment in an associate or a joint venture in the form of ordinary shares and without any preferential rights (and other shares that are substantively the same as ordinary shares) is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Historical Financial Information only to the extent of interests in the associate or joint venture that are not related to the Group.

4.4 Revenue from contracts with customers

The Group recognizes revenue when performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Unearned revenue awards to customers related to unsatisfied performance obligations at the end of the period, is included in contract liabilities in the Group's consolidated statements of financial position.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date (for example, service contracts in which the Group bills a fixed amount for each hour of service provided), the Group recognizes revenue in the amount to which the Group has the right to invoice.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. For financial and tax digitalization solutions and data-driven intelligence solutions, the Group considers itself as a principal and recognize revenue on a gross basis. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. For intelligent supply chain collaboration solutions, the Group considers itself as an agent to recognize revenue on a net basis.

Recognition of revenue from specific major sources of revenue

The Group derives revenue from its cloud-based and on-premises solutions for financial and tax digitalization solutions, data-driven intelligence solutions and other enterprise needs.

Cloud-based solutions

The Group provides cloud-based SaaS solutions, comprising financial & tax digitalization solutions and data-driven intelligence solutions to its customers.

(a) financial and tax digitalization solutions

i. E-invoice compliance management solutions

The Group provides cloud-based financial and tax compliance management solutions in relation to the value-added tax (the "VAT") through its cloud-based platforms separately or in combination, with products and services including SaaS subscription services, implementation services, supporting hardware devices and software sales as well as associated maintenance and support services. The transaction price is the price after discount if any, and is a fixed amount upon signing the contract. The products cannot be returned unless significant problems are found, which rarely happens.

The SaaS subscription services grant customers the right to access the software functionality in a hosted environment controlled by the Group during the contractual term where the customers do not take possession of the software. The SaaS subscription services, together with the implementation services, if engaged, are highly interdependent and interrelated with each other and represent multiple inputs to a combined output that is transferred to the customers. Accordingly, the SaaS subscription services and the implementation services are accounted for as a single performance obligation. Revenue from subscriptions services and implementation services is recognized ratably beyond the initial contractual period when those future goods or services are transferred over the expected customers' life, primarily based on anticipated renewal period and the estimated life of such services demand.

For the contracts that the customers pay by usage, the revenue is recognized based on the usage report on monthly basis. The performance obligation of such services is satisfied over time as the customers simultaneously receive and consume the benefits. For intelligent financial and tax management solutions contracts which customers pay by usage, they are billed based on the number of service instances provided at fixed rate. The Group has a right to invoice in an amount that corresponds directly with the value of the Group's performance completed to date. Revenue from the provision of intelligent financial and tax management solutions is recognized in an amount to which the Group has a right to invoice.

Supporting hardware devices and software purchased from third parties and sold in combination with the solutions are accounted for as separate performance obligations because they have standalone functionality and are capable of being distinct. The revenue is recognized at a point in time when the supporting hardware devices and software are accepted by the customers.

The Group also provides maintenance and support services which mainly include on-demand user support services. The customers pay on a fixed fee rate per period. These services are accounted for as separate performance obligations because they are capable of being distinct. Revenue is recognized ratably over their respective contractual terms.

The Group normally requests an upfront payment of about 10%-30% of the contract price. After the solutions are implemented and accepted by the customers, the remaining contract price is to be settled by the customers in installments over 5 to 90 days. About 5%-10% of the contract price is withheld by the customers and will be released upon completion of the warranty period (normally 2-3 years after the customer acceptance). The services to be provided during the warranty period is considered as an assurance-type warranty in order to ensure the solution will function as needed and is accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The management of the Group has assessed the effects of financing component is not significant at contract level and therefore revenue is not adjusted for the effects of time value of money.

The transaction price is allocated among the performance obligations within one solution contract on a stand-alone selling price basis.

ii. intelligent supply chain collaboration solutions

The Group provides intelligent supply chain collaboration solutions to its customers through its cloud-based platforms. The performance obligation of such services is satisfied at a point in time when the solutions are accepted by the customers.

(b) data-driven intelligence solutions

The Group provides data intelligence products and services through its cloud-based platforms, which comprise digital marketing services and risk intelligence services, primarily to licensed credit reporting agencies and licensed financial service providers.

The customers pay usage-based or sales-based fees, at fixed rate. The usage or sales volume reports are confirmed by customers monthly and the revenue is recognized on such monthly basis.

On-premises financial and tax digitalization solutions

The Group sells its on-premises financial and tax digitalization solutions through customized on-premises software products, supporting hardware devices and software purchased from third parties and the associated maintenance and support services.

The customized on-premises software has standalone functionality and are capable of being distinct and therefore is accounted for a separate performance obligation. The Group considers the grant of the licenses for the on-premises software as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time when the software products are accepted by the customers.

Supporting hardware devices and software and maintenance and support services are recognized the same way as in provision the cloud-based financial and tax digitalization solutions.

Others

The Group provides advertisement publishing services, comprehensive tax, finance and accounting training for enterprises and education institutions. Revenue related to these services is recognized ratably over the contractual terms.

4.5 Contract costs

Costs to fulfill a contract

The Group incurs costs to fulfill a contract in its revenue generating activities. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognizes an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment assessment.

4.6 Cost of sales

Cost of sales consists primarily of employee benefit expenses, information technology infrastructure and communication charges, depreciation of property, plant and equipment, amortization of costs to fulfill contracts and costs of hardware devices sold. Shipping charges to receive hardware devices from the suppliers are included in inventories, and recognized as cost of revenue upon sale of the hardware devices to the customers.

4.7 Research and development expenses

Research expenditures are recognized as an expense as incurred. Costs incurred on development projects are capitalized as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting these criteria and capitalized as intangible assets as at December 31, 2020, 2021 and 2022 and September 30, 2023.

4.8 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

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

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liabilities, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

4.9 Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. The Group received no such government grants during the Track Record Period.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

4.10 Employee benefits

Pension obligations and other social welfare benefits

Full-time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries, including consolidated affiliated entities of the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by being forfeited by those employees who leave the plans prior to vesting fully in the contributions.

Bonus plan

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonuses as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonuses are expected to be settled within one year and are measured at the amounts expected to be paid when they are settled.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

4.11 Share-based payments

Equity-settled share-based payment transactions

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 using graded vesting method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserves). At the end of each reporting period, the Group revises its 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 share-based payments reserves. For share options/other share incentives that vest immediately at the date of grant, the fair value of the share options/other share incentives granted is expensed immediately to profit or loss.

When share options are exercised or other share incentives granted are vested, the amount previously recognized in share-based payments reserves will be transferred to capital reserves. 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 payments reserves will be transferred to accumulated losses.

Share incentives granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognized as expenses (unless the goods or services qualify for recognition as assets).

Modification to the terms and conditions of the share-based payment arrangement

When the terms and conditions of the share-based payment arrangement are modified, the Group recognizes, 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 the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes 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, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

When a grant of share options/other share incentives is canceled during the vesting period, the Group accounts for the cancellation as an acceleration of vesting, and therefore recognize immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period. However, if a new grant is substituted for the canceled one, and is designated as a replacement on the date that it is granted, the Group accounts for the granting of replacement equity instruments in the same way as a modification of the original grant of equity instruments.

4.12 Taxation

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

The tax currently payable is based on taxable profit during the Track Record Period. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting 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. 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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

The Group has applied amendments to IAS 12. For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group recognizes a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

4.13 Property, plant and equipment

Property, plant and equipments are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipments are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.14 Intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

4.15 Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, contract costs and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, contract costs and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit (the "CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4.16 Inventories

Inventories consist primarily of goods shipped in transit and stock goods, and are stated at the lower of cost and the net realizable value, using the first-in, first-out method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

4.17 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of on-premises solutions are recognized at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

4.18 Financial instruments

Financial assets and financial liabilities are recognized when a group entity 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 marketplace.

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 *Revenue from Contracts with Customers*. 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 FVTPL) 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 FVTPL are recognized immediately in profit or loss.

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 and financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement

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 give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of each reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or fair value through other comprehensive income are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in "fair value changes of financial assets at FVTPL".

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (the "ECL") model on financial assets (including term deposits, trade receivables, other receivables, amounts due from related parties, restricted bank deposits and bank balances and cash) and other items including contract assets which are subject to impairment assessment 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 (the "12m 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 is done based on the Group's 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.

The Group always recognizes lifetime ECL for trade receivables, contract assets and amounts due from related parties of trade nature (excluding the prepayments to related parties, where applicable). The ECL on these assets are assessed individually for debtors with significant balances or credit-impaired and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition in which case, the Group recognizes 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.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables and amounts due from related parties of trade nature using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the Directors to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Financial liabilities and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognized at the proceeds received, net of direct issue costs. The Shares with Preferential Rights subject to mandatory redemption in cash at the option exercisable by holders by agreed date are classified as financial liabilities as set out in Note 33.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables and amounts due to related parties are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits/accumulated losses upon derecognition of the financial liability.

The Company designates its Shares with Preferential Rights in issuance as financial liabilities at FVTPL, of which the terms are detailed in Note 33. Any directly attributable transaction costs are recognized as finance costs in profit or loss. Fair value changes relating to market risk are recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortized cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.19 Cash and cash equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following are the critical judgment, apart from those involving estimations (see below), that Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Identification of performance obligations in contracts with customers

Contracts with customers may include multiple performance obligations. Judgments are made by Directors to determine whether performance obligations are distinct that should be accounted for separately, or not distinct within the context of the contracts and accounted for together. The Directors consider a performance obligation as distinct when the customers can benefit from the good or service either on its own or together with other resources that are readily available to the customers and the Group's promise to transfer the good or service to the customers is separately identifiable from other promises in the contract.

Allocation of transaction price to each distinct performance obligation

When the performance obligations are assessed to be distinct from each other in contracts with customers, the Group allocates the transaction price to each performance obligation based on their relative stand-alone selling prices. The Directors generally determine relative standalone selling prices based on its standard price list, taking into consideration of market conditions and our overall pricing strategy.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Recognition of share-based payment expenses

As set out in Note 36, the Group has granted share options and share economic rights to its employees. The Directors have used the Binomial option-pricing model to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by the Directors in applying the Binomial option-pricing model. The fair value of share economic rights were based on the value of the ordinary shares determined by using the discounted cash flow method with a DLOM. The Directors estimate the expected percentage of grantees that will stay within the Group at the end of the vesting periods of the options and share economic rights (the "Expected Retention Rate") in order to determine the amount of share-based payment expenses charged to the consolidated income statement. The Expected Retention Rate is assessed based on historical pattern of retentions and management's best estimates.

Provision for ECL on trade receivables and contract assets

Trade receivables and contract assets with significant balances are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables and contract assets which are not assessed individually using a provision matrix. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and credit rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates will be adjusted. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets are disclosed in Note 40.

Estimation of the fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses judgments to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Fair value of Shares with Preferential Rights

The Group issued series of Shares with Preferential Rights during the Track Record Period as set out in Note 33. The Group recorded these financial instruments as financial liabilities at FVTPL for which no quoted prices in an active market exist. The fair value of these Shares with Preferential Rights as at December 31, 2020, 2021 and 2022 and September 30, 2023 is established by using valuation techniques, which include income approach and equity allocation based on the Black-Scholes option pricing model involving various parameters and inputs. Valuation techniques adopted by an independent qualified professional valuer are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as fair value of the ordinary shares of the Company, possibilities under different scenarios, qualified [**REDACTED**], redemption, liquidation, time to liquidation, expected volatility value, discount rate and other inputs, require management estimates. The estimates and assumptions are reviewed periodically by the Directors and adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair value of the Shares with Preferential Rights of the Group as at December 31, 2020, 2021 and 2022 and September 30, 2023 are RMB1,360,212,000, RMB2,092,769,000, RMB2,151,922,000 and RMB2,057,386,000, respectively.

Deferred tax assets

Deferred tax assets relating to certain deductible temporary differences and tax losses are recognized when the Directors considers it is probable that future taxable profits will be available against which the deductible temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation charges in the period in which such estimate is changed. The realizability of the deferred tax asset mainly depends on whether sufficient profits or taxable temporary differences will be available in the future. In assessing the probability that taxable profit will be available, the Group considered criteria, such as whether there was a history of operating losses, and whether tax planning opportunities are available to the Group. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place. The Group does not recognize any deferred tax assets during the Track Record Period.

Recognition of implementation services revenue

As detailed in Note 4.4, the Group recognizes the implementation services revenue ratably beyond the initial contractual period when those future goods or services are transferred over the expected contract life, primarily based on anticipated renewal period and the estimated life of such services demand which is generally 5 years. The Group will revise the expected contract life where it is different from that of previously estimated. Periodic review could result in a change in expected contract life and therefore the revenue recognition in future periods.

6. SEGMENT INFORMATION

The Group does not distinguish revenue, costs and expenses between markets or segments in its internal reporting, and reports costs and expenses by nature as a whole.

While the Group offers cloud-based SaaS solutions and on-premises solutions for financial and tax digitalization solutions, data-driven intelligence solutions as well as other enterprise needs, the Group's business operates in one operating segment because most of the Group's sales operate on the Group's financial and tax digitalization as well as data-driven intelligence related know-hows and the corresponding products and/or services offered are delivered through same pool of resources. In addition, most of the Group's products and/or services for various revenue types are deployed in a nearly identical way. Therefore, the Group's chief operating decision maker, who has been identified as the Chief Executive Officer (the "CEO"), reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. As the Group's non-current assets are all located in the PRC and all the Group's revenue are derived from the PRC, no geographical information is presented.

During the Track Record Period, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue.

7. REVENUE

Revenue is derived from the PRC and comprises the following:

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cloud-based solutions:					
– Financial and tax digitalization solutions	124,173	156,615	157,996	118,078	129,158
– Data-driven intelligence solutions	62,972	178,597	263,519	190,160	268,175
On-premises financial and tax digitalization solutions	96,861	110,168	93,491	60,280	68,910
Others	7,109	8,383	10,759	8,735	2,199
	291,115	453,763	525,765	377,253	468,442

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Timing of revenue recognition					
– Over time	188,043	279,125	281,634	215,811	221,739
– At a point in time	103,072	174,638	244,131	161,442	246,703
	291,115	453,763	525,765	377,253	468,442

Unsatisfied performance obligations

The following table shows the Group's unsatisfied performance obligations resulting from fixed-price contracts for contract terms of more than one year:

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsatisfied performance obligations	33,672	42,325	48,352	59,996

Management expects that the Group's unsatisfied performance obligations will be recognized as revenue:

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue to be recognized:				
– Within one year	19,576	25,993	31,698	38,200
– between 1 and 2 years	9,669	12,308	14,140	18,223
– more than 2 years	4,427	4,024	2,514	3,573
	33,672	42,325	48,352	59,996

All other contracts are for contract terms of one year or less. The Group applies the practical expedients under IFRS 15 and does not disclose information about the transaction prices allocated to the remaining performance obligations for the contract where the original expected duration is one year or less, and circumstances where the Group has a right to invoice in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, including contracts in which the Group bills a fixed amount for each number of service instances provided.

8. OTHER INCOME

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Government grants	802	1,010	4,206	1,722	1,030
Tax refund *(Note)*	1,905	1,688	5,365	3,287	1,747
Others	34	2	304	199	–
	2,741	2,700	9,875	5,208	2,777

Note: According to the circular "Announcement of Ministry of Finance, the General Administration of Taxation and the General Administration of Customs on deepening policies related to VAT reformation", taxpayers who are engaged in production and consumer services industry are allowed to deduct a further 10% and 5% of their deductible input VAT against their VAT payable, both recorded for the period from April 1, 2019 to December 31, 2022 and from January 1, 2023 to December 31, 2023, respectively.

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Impairment losses, net of reversal, recognized (reversed) on:					
– Trade receivables	564	1,525	1,089	1,027	1,029
– Other receivables	24	189	(67)	32	9
– Contract assets	204	37	195	529	245
	792	1,751	1,217	1,588	1,283

10. OTHER GAINS AND LOSSES

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Gain on partial disposal of investment in an associate *(Note 23)*	–	1,613	–	–	–
Loss on disposal of property, plant and equipment	(9)	(6)	(30)	–	(31)
Provisions	(305)	(1,686)	(649)	(649)	–
Others	(969)	(1,222)	(1,651)	(1,644)	(958)
	(1,283)	(1,301)	(2,330)	(2,293)	(989)

11. EXPENSES BY NATURES

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Employee benefit expenses	216,542	299,306	321,740	232,692	298,753
Referral fees	24,493	64,204	153,605	109,345	165,128
Professional service fees	52,740	51,367	56,374	42,009	56,270
Depreciation of right-of-use assets	10,143	10,139	12,463	9,509	9,807
Commission and channel expenses	2,027	6,568	9,055	5,134	5,928
Outsourcing expenses	6,537	7,937	15,976	12,694	13,587
Traveling and marketing expenses	7,871	12,498	11,164	7,781	15,471
Exhibition and promotion charges	2,637	3,573	7,558	5,695	7,834
Costs of inventories sold	14,886	11,307	8,105	5,779	6,306
Rental and utilities expenses	2,695	3,129	4,675	3,239	4,860
Depreciation of property, plant and equipment	6,381	5,611	3,453	2,550	2,724
Amortization of intangible assets	276	952	1,019	734	1,041
Share-based payment expenses	49,772	161,418	10,469	7,511	163,691
[**REDACTED**]	–	6,366	16,307	10,087	18,642
Others	7,856	7,184	12,480	9,696	10,256
Total	404,856	651,559	644,443	464,455	780,298

12. FINANCE INCOME

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest income					
– Bank deposits	3,940	10,583	9,694	7,540	5,474
– Others	–	–	620	465	–
	3,940	10,583	10,314	8,005	5,474

13. FINANCE COSTS

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest expenses on lease liabilities *(Note 21)*	738	243	1,567	1,218	806

14. FAIR VALUE CHANGES OF FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Changes in fair values of financial assets at FVTPL					
Wealth management products					
– Net unrealized gain	666	8,856	900	3,043	1,770
– Net realized gain (loss)	10,538	4,046	4,168	(522)	5,501
Investments in associates with preferential rights	–	(14,575)	607	308	(8,531)
Arrangement/right to receive additional shares at nominal consideration	–	–	318	94	1,692
Changes in fair values of financial liabilities at FVTPL					
Shares with Preferential Rights *(Note 33)*	(297,114)	(263,850)	(59,153)	(23,005)	94,536
Contingent consideration for investment in an associate	–	–	(331)	(227)	2,830
	(285,910)	(265,523)	(53,491)	(20,309)	97,798

15. INCOME TAX EXPENSES

Under the Law of the PRC on Enterprise Income Tax (the "EIT") and Implementation Regulation of the EIT Law, the tax rate of the Company and its subsidiaries is 25%.

The Company has been accredited as a "High and New Technical Enterprise" by the Science and Technology Bureau of Beijing and relevant authorities in October 2019 and October 2022 for a term of three years from 2019 to 2021 and from 2022 to 2025 respectively. In accordance with the "Notice of the State Tax Bureau of the Ministry of Finance Regarding Certain Preferential Treatment Policies on Enterprise Income Tax", High and New Technical Enterprise is subject to income tax at a tax rate of 15%.

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 150% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "Super Deduction"). As announced by the State Taxation Administration of the PRC in September 2018 and subsequent date, the Super Deduction claim was raised to 175% of research and development expenses incurred from January 1, 2018, and such claim was further increased to 200% for the period from October 1, 2022 to September 30, 2023.

The income tax expenses of the Group is analyzed as follows:

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
PRC EIT					
Current tax	–	–	51	40	196
Deferred tax	–	–	148	81	(148)
Total	–	–	199	121	48

The income tax expenses during the Track Record Period can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Loss before tax	(388,800)	(448,373)	(156,025)	(101,744)	(213,409)
Tax at the PRC EIT rate of 25%	(97,200)	(112,093)	(39,006)	(25,436)	(53,352)
Tax effect of share of results of associates and joint ventures	(1,746)	(1,240)	(267)	587	1,131
Tax effect of expenses not deductible for tax purpose	88,343	107,944	20,222	8,991	42,536
Tax effect of income not taxable for tax purpose	–	–	–	–	(23,634)
Effect of additional tax deduction for research and development expenses	(9,014)	(11,840)	(14,931)	(11,125)	(10,972)
Utilization of tax losses previously not recognized	(808)	(650)	(6,958)	(5,116)	(186)
Tax effect of tax losses and deductible temporary differences not recognized	20,425	17,879	41,466	32,548	44,525
Effect of preferential tax rate	–	–	(327)	(328)	–
Income tax expenses	–	–	199	121	48

16. DIVIDENDS

No dividends were declared or paid by the Company and its subsidiaries during the Track Record Period.

17. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss by the weighted-average number of ordinary shares outstanding during the Track Record Period. As the Group incurred net losses for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2022 and 2023, the diluted potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2022 and 2023 are the same as basic loss per share of the respective periods.

The following table sets forth the computation of the basic and diluted loss per share attributable to the owners of the Company during the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2022 and 2023:

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	'000	*'000*	*'000*	*'000*	*'000*
				(Unaudited)	
Loss attributable to owners of the Company (RMB)	(388,800)	(446,938)	(153,501)	(99,690)	(212,270)
Weighted average number of ordinary shares outstanding	140,000	140,000	140,000	140,000	140,000

18. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

(a) Details of the emoluments paid/payable to the Directors during the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

Year ended December 31, 2020

	Director's fee	Salaries and wages	Pension cost-defined contribution plan	Other social security costs, housing benefits and other employee benefits	Performance bonus	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note I)*	*RMB'000*	*RMB'000*
A) EXECUTIVE DIRECTORS							
Ms. Chen Jie (Controlling Shareholder and Chairman) *(Note II)*	–	833	4	70	300	–	1,207
Mr. Zou Yan *(Note VII)*	–	296	2	29	202	–	529
Mr. Zhang Jiangong *(Note III)*	–	849	4	50	–	8,343	9,246
Mr. Yang Zhengdao *(Note IV)*	–	919	4	70	660	–	1,653
Mr. Wu Jingrun *(Note V)*	–	573	4	70	–	–	647
Subtotal	–	3,470	18	289	1,162	8,343	13,282
B) NON-EXECUTIVE DIRECTORS							
Ms. Huang Haitao *(Note VI)*	–	–	–	–	–	–	–
Ms. Huang Miao *(Note VIII)*	–	–	–	–	–	–	–
Mr. Diao Juanhuan *(Note IX)*	–	–	–	–	–	–	–
Mr. Luo Wenhong *(Note X)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
C) SUPERVISORS							
Mr. Zou Yan *(Note VII)*	–	414	2	41	283	–	740
Mr. Li Yunfeng *(Note XIV)*	–	466	4	70	80	–	620
Mr. Zhou Guodong *(Note XV)*	–	481	4	70	78	–	633
Ms. Chen Xi *(Note XVI)*	–	434	2	35	159	–	630
Subtotal	–	1,795	12	216	600	–	2,623
Total	–	5,265	30	505	1,762	8,343	15,905

Year ended December 31, 2021

	Director's fee *RMB'000*	Salaries and wages *RMB'000*	Pension cost-defined contribution plan *RMB'000*	Other social security costs, housing benefits and other employee benefits *RMB'000*	Performance bonus *RMB'000 (Note I)*	Share-based payment expenses *RMB'000*	Total *RMB'000*
A) EXECUTIVE DIRECTORS							
Ms. Chen Jie (Controlling Shareholder and Chairman) *(Note II)*	–	889	53	78	600	–	1,620
Mr. Zou Yan *(Note VII)*	–	743	53	78	648	35,938	37,460
Mr. Yang Zhengdao *(Note IV)*	–	992	53	78	864	35,938	37,925
Mr. Wu Jingrun *(Note V)*	–	618	53	78	–	8,343	9,092
Ms. Jin Xin *(Note XI)*	–	505	24	35	391	5,652	6,607
Subtotal	–	3,747	236	347	2,503	85,871	92,704
B) NON-EXECUTIVE DIRECTORS							
Ms. Huang Haitao *(Note VI)*	–	–	–	–	–	–	–
Ms. Huang Miao *(Note VIII)*	–	–	–	–	–	–	–
Mr. Diao Juanhuan *(Note IX)*	–	–	–	–	–	–	–
Mr. Luo Wenhong *(Note X)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
C) INDEPENDENT NON-EXECUTIVE DIRECTORS							
Mr. Tian Lixin *(Note XII)*	–	–	–	–	–	–	–
Mr. Song Hua *(Note XII)*	–	–	–	–	–	–	–
Mr. Wu Changhai *(Note XII)*	–	–	–	–	–	–	–
Mr. Xu Ke *(Note XII)*	–	–	–	–	–	–	–
Mr. Ng Kwok Yin *(Note XIII)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
D) SUPERVISORS							
Mr. Li Yunfeng *(Note XIV)*	–	520	53	78	126	837	1,614
Mr. Zhou Guodong *(Note XV)*	–	502	53	78	–	837	1,470
Ms. Chen Xi *(Note XVI)*	–	870	29	43	466	837	2,245
Mr. Luo Wenhong *(Note X)*	–	–	–	–	–	–	–
Subtotal	–	1,892	135	199	592	2,511	5,329
Total	–	5,639	371	546	3,095	88,382	98,033

Year ended December 31, 2022

	Director's fee *RMB'000*	Salaries and wages *RMB'000*	Pension cost-defined contribution plan *RMB'000*	Other social security costs housing benefits and other employee benefits *RMB'000*	Performance bonus *RMB'000* *(Note I)*	Share-based payment expenses *RMB'000*	Total *RMB'000*
A) EXECUTIVE DIRECTORS							
Ms. Chen Jie (Controlling Shareholder and Chairman) *(Note II)*	–	891	35	104	691	–	1,721
Mr. Zou Yan *(Note VII)*	–	745	35	104	576	–	1,460
Mr. Yang Zhengdao *(Note IV)*	–	981	35	104	768	–	1,888
Ms. Jin Xin *(Note XI)*	–	1,013	35	104	382	–	1,534
Subtotal	–	3,630	140	416	2,417	–	6,603
B) NON-EXECUTIVE DIRECTORS							
Ms. Huang Haitao *(Note VI)*	–	–	–	–	–	–	–
Ms. Huang Miao *(Note VIII)*	–	–	–	–	–	–	–
Mr. Diao Juanhuan *(Note IX)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
C) INDEPENDENT NON-EXECUTIVE DIRECTORS							
Mr. Tian Lixin *(Note XII)*	–	–	–	–	–	–	–
Mr. Song Hua *(Note XII)*	–	–	–	–	–	–	–
Mr. Wu Changhai *(Note XII)*	–	–	–	–	–	–	–
Mr. Xu Ke *(Note XII)*	–	–	–	–	–	–	–
Mr. Ng Kwok Yin *(Note XIII)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
D) SUPERVISORS							
Mr. Li Yunfeng *(Note XIV)*	–	532	35	104	121	215	1,007
Mr. Zhou Guodong *(Note XV)*	–	136	11	33	–	–	180
Mr. Luo Wenhong *(Note X)*	–	–	–	–	–	–	–
Ms. Shi Haixia *(Note XVII)*	–	387	44	63	91	2	587
Subtotal	–	1,055	90	200	212	217	1,774
Total	–	4,685	230	616	2,629	217	8,377

Nine months ended September 30, 2023

	Director's fee *RMB'000*	Salaries and wages *RMB'000*	Pension cost-defined contribution plan *RMB'000*	Other social security costs housing benefits and other employee benefits *RMB'000*	Performance bonus *RMB'000* *(Note I)*	Share-based payment expenses *RMB'000*	Total *RMB'000*
A) EXECUTIVE DIRECTORS							
Ms. Chen Jie (Controlling Shareholder and Chairman) *(Note II)*	–	669	47	85	515	–	1,316
Mr. Zou Yan *(Note VII)*	–	619	47	85	429	41,996	43,176
Mr. Yang Zhengdao *(Note IV)*	–	731	47	85	572	68,243	69,678
Ms. Jin Xin *(Note XI)*	–	762	47	85	358	–	1,252
Subtotal	–	2,781	188	340	1,874	110,239	115,422
B) NON-EXECUTIVE DIRECTORS							
Ms. Huang Miao *(Note VIII)*	–	–	–	–	–	–	–
Mr. Diao Juanhuan *(Note IX)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
C) INDEPENDENT NON-EXECUTIVE DIRECTORS							
Mr. Tian Lixin *(Note XII)*	–	–	–	–	–	–	–
Mr. Song Hua *(Note XII)*	–	–	–	–	–	–	–
Mr. Wu Changhai *(Note XII)*	–	–	–	–	–	–	–
Mr. Ng Kwok Yin *(Note XIII)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
D) SUPERVISORS							
Mr. Li Yunfeng *(Note XIV)*	–	399	47	85	90	642	1,263
Mr. Luo Wenhong *(Note X)*	–	–	–	–	–	–	–
Ms. Shi Haixia *(Note XVII)*	–	303	42	75	31	142	593
Subtotal	–	702	89	160	121	784	1,856
Total	–	3,483	277	500	1,995	111,023	117,278

Nine months ended September 30, 2022 (unaudited)

	Director's fee *RMB'000*	Salaries and wages *RMB'000*	Pension cost-defined contribution plan *RMB'000*	Other social security costs housing benefits and other employee benefits *RMB'000*	Performance bonus *RMB'000* *(Note I)*	Share-based payment expenses *RMB'000*	Total *RMB'000*
A) EXECUTIVE DIRECTORS							
Ms. Chen Jie (Controlling Shareholder and Chairman) *(Note II)*	–	668	42	77	515	–	1,302
Mr. Zou Yan *(Note VII)*	–	559	42	77	429	–	1,107
Mr. Yang Zhengdao *(Note IV)*	–	736	42	77	572	–	1,427
Ms. Jin Xin *(Note XI)*	–	759	42	77	358	–	1,236
Subtotal	–	2,722	168	308	1,874	–	5,072
B) NON-EXECUTIVE DIRECTORS							
Ms. Huang Haitao *(Note VI)*	–	–	–	–	–	–	–
Ms. Huang Miao *(Note VIII)*	–	–	–	–	–	–	–
Mr. Diao Juanhuan *(Note IX)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
C) INDEPENDENT NON-EXECUTIVE DIRECTORS							
Mr. Tian Lixin *(Note XII)*	–	–	–	–	–	–	–
Mr. Song Hua *(Note XII)*	–	–	–	–	–	–	–
Mr. Wu Changhai *(Note XII)*	–	–	–	–	–	–	–
Mr. Xu Ke *(Note XII)*	–	–	–	–	–	–	–
Mr. Ng Kwok Yin *(Note XIII)*	–	–	–	–	–	–	–
Subtotal	–	–	–	–	–	–	–
D) SUPERVISORS							
Mr. Li Yunfeng *(Note XIV)*	–	398	42	77	90	176	783
Mr. Zhou Guodong *(Note XV)*	–	136	11	33	–	–	180
Mr. Luo Wenhong *(Note X)*	–	–	–	–	–	–	–
Ms. Shi Haixia *(Note XVII)*	–	200	22	40	45	33	340
Subtotal	–	734	75	150	135	209	1,303
Total	–	3,456	243	458	2,009	209	6,375

Notes:

I Bonuses are determined based on the Group's performance and performance of the relevant individual within the Group.

II Ms. Chen Jie was appointed as executive director of the Company commencing from May 4, 2015 to June 29, 2016 and from January 8, 2017 until now, and Ms. Chen Jie is also the chief executive of the Company.

III Mr. Zhang Jiangong was appointed as executive director of the Company on April 9, 2018 and resigned on September 9, 2020.

IV Mr. Yang Zhengdao was appointed as executive director of the Company on October 6, 2017.

V Mr. Wu Jingrun was appointed as executive director of the Company on October 6, 2017 and resigned on May 8, 2021.

VI Ms. Huang Haitao was appointed as non-executive director of the Company on December 1, 2015 and resigned on January 4, 2022.

VII Mr. Zou Yan was appointed as supervisor of the Company on March 1, 2018, resigned on June 30, 2020 and was appointed as executive director of the Company on August 16, 2020.

VIII Ms. Huang Miao was appointed as non-executive director of the Company on August 1, 2018.

IX Mr. Diao Juanhuan was appointed as non-executive director of the Company on November 13, 2019.

X Mr. Luo Wenhong was appointed as non-executive director of the Company on November 13, 2019, resigned on May 8, 2021 and was appointed as supervisor of the Company on May 8, 2021.

XI Ms. Jin Xin was appointed as executive director of the Company on July 20, 2021.

XII Mr. Tian Lixin, Mr. Song Hua, Mr. Wu Changhai and Mr. Xu Ke, were appointed as independent non-executive director of the Company on July 20, 2021. Mr. Xu Ke resigned on October 31, 2022.

XIII Mr. Ng Kwok Yin was appointed as independent non-executive director of the Company on December 25, 2021.

XIV Mr. Li Yunfeng was appointed as supervisor of the Company on December 1, 2015.

XV Mr. Zhou Guodong was appointed as supervisor of the Company on December 1, 2015 and resigned on April 1, 2022.

XVI Ms. Chen Xi was appointed as supervisor of the Company on June 30, 2020 and resigned on May 8, 2021.

XVII Ms. Shi Haixia was appointed as supervisor of the Company on April 1, 2022.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. Also, Ms. Huang Haitao, Ms. Huang Miao, Mr. Diao Juanhuan, and Mr. Luo Wenhong did not receive any remuneration from the Company or the Group for their services provided to the Company and the Group. They were nominated by the Company's shareholders and their remunerations were borne by the Company's shareholders.

(b) Benefits and interests of Directors and supervisors

Except for the emoluments disclosed above, there is no other benefits offered to the Directors or supervisors.

(c) Directors and supervisors' termination benefits

No director or supervisor's termination benefit subsisted at the end of the year/period or at any time during the Track Record Period.

(d) Consideration provided to third parties for making available director or supervisor' services

No consideration provided to third parties for making available director or supervisor's services subsisted at the end of the year/period or at any time during the Track Record Period.

19. FIVE HIGHEST PAID EMPLOYEES

The five individuals whose emoluments were the highest in the Group during the Track Record Period include 3, 4, 2, 3 (unaudited) and 2 Directors or supervisors for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2022 and 2023, respectively, and their emoluments are reflected in the analysis shown in Note 18. The emoluments paid/payable to the remaining individuals during the Track Record Period are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries and wages	1,717	62	2,657	1,373	1,839
Pension cost – defined contribution plan	8	31	173	85	89
Other social security costs, housing benefits and other employee benefits	140	45	246	153	208
Performance bonus	1,028	–	1,240	924	2,710
Share-based payment expenses	–	34,151	2,166	1,102	4,955
Total	2,893	34,289	6,482	3,637	9,801

The emoluments fell within the following bands:

	Number of individuals Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022 *(Unaudited)*	2023
Emoluments bands:					
HKD1,000,001 to HKD1,500,000	–	–	–	1	–
HKD1,500,001 to HKD2,000,000	2	–	1	–	–
HKD2,000,001 to HKD2,500,000	–	–	1	–	–
HKD2,500,001 to HKD3,000,000	–	–	–	1	–
HKD3,000,001 to HKD3,500,000	–	–	–	–	1
HKD3,500,001 to HKD4,000,000	–	–	1	–	2
HKD41,000,001 to HKD41,500,000	–	1	–	–	–
Total	2	1	3	2	3

During the Track Record Period, none of the Directors, CEO and supervisors of the Company had waived any emoluments and no emoluments had been paid by the Group to any of the Directors, CEO and supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

20. PROPERTY, PLANT AND EQUIPMENT

The Group

	Office equipment *RMB'000*	Electronic equipment *RMB'000*	Special equipment *RMB'000*	Leasehold improvement *RMB'000*	Total *RMB'000*
COST					
As at January 1, 2020	263	4,915	12,641	12,213	30,032
Additions	75	22	2,710	151	2,958
Disposals	–	(90)	–	–	(90)
As at December 31, 2020	338	4,847	15,351	12,364	32,900
Additions	14	47	2,059	–	2,120
Acquired on acquisition of a subsidiary	–	10	–	28	38
Disposals	–	(69)	–	–	(69)
As at December 31, 2021	352	4,835	17,410	12,392	34,989
Additions	–	396	2,083	1,665	4,144
Disposals	–	(298)	(75)	–	(373)
As at December 31, 2022	352	4,933	19,418	14,057	38,760
Additions	–	1,093	2,731	640	4,464
Disposals	–	–	(335)	–	(335)
As at September 30, 2023	352	6,026	21,814	14,697	42,889
DEPRECIATION					
As at January 1, 2020	49	2,882	4,777	7,391	15,099
Provided for the year	50	1,283	2,634	2,414	6,381
Eliminated upon disposals	–	(81)	–	–	(81)
As at December 31, 2020	99	4,084	7,411	9,805	21,399
Provided for the year	75	480	2,722	2,334	5,611
Eliminated upon disposals	–	(63)	–	–	(63)
As at December 31, 2021	174	4,501	10,133	12,139	26,947
Provided for the year	72	157	2,683	541	3,453
Eliminated upon disposals	–	(281)	(62)	–	(343)
As at December 31, 2022	246	4,377	12,754	12,680	30,057
Provided for the period	52	143	1,980	549	2,724
Eliminated upon disposals	–	–	(304)	–	(304)
As at September 30, 2023	298	4,520	14,430	13,229	32,477
CARRYING VALUES					
As at December 31, 2020	239	763	7,940	2,559	11,501
As at December 31, 2021	178	334	7,277	253	8,042
As at December 31, 2022	106	556	6,664	1,377	8,703
As at September 30, 2023	54	1,506	7,384	1,468	10,412

The Company

	Office equipment *RMB'000*	**Electronic equipment** *RMB'000*	**Special equipment** *RMB'000*	**Leasehold improvement** *RMB'000*	**Total** *RMB'000*
COST					
As at January 1, 2020	263	4,915	12,641	12,213	30,032
Additions	75	22	2,710	–	2,807
Disposals	–	(90)	–	–	(90)
As at December 31, 2020	338	4,847	15,351	12,213	32,749
Additions	14	47	2,059	–	2,120
Disposals	–	(69)	–	–	(69)
As at December 31, 2021	352	4,825	17,410	12,213	34,800
Additions	–	396	2,083	1,638	4,117
Disposals	–	(298)	(75)	–	(373)
As at December 31, 2022	352	4,923	19,418	13,851	38,544
Additions	–	1,093	2,731	247	4,071
Disposals	–	–	(335)	–	(335)
As at September 30, 2023	352	6,016	21,814	14,098	42,280
DEPRECIATION					
As at January 1, 2020	49	2,882	4,777	7,391	15,099
Provided for the year	50	1,283	2,634	2,285	6,252
Eliminated upon disposals	–	(81)	–	–	(81)
As at December 31, 2020	99	4,084	7,411	9,676	21,270
Provided for the year	75	472	2,722	2,285	5,554
Eliminated upon disposals	–	(63)	–	–	(63)
As at December 31, 2021	174	4,493	10,133	11,961	26,761
Provided for the year	72	157	2,683	539	3,451
Eliminated upon disposals	–	(281)	(62)	–	(343)
As at December 31, 2022	246	4,369	12,754	12,500	29,869
Provided for the period	52	143	1,980	487	2,662
Eliminated upon disposals	–	–	(304)	–	(304)
As at September 30, 2023	298	4,512	14,430	12,987	32,227
CARRYING VALUES					
As at December 31, 2020	239	763	7,940	2,537	11,479
As at December 31, 2021	178	332	7,277	252	8,039
As at December 31, 2022	106	554	6,664	1,351	8,675
As at September 30, 2023	54	1,504	7,384	1,111	10,053

Property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual values with the following useful lives:

Office equipment	5 years
Electronic equipment	3 to 5 years
Special equipment	5 years
Leasehold improvement	Shorter of lease terms or 3 years

21. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

The Group

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the Track Record Period are as follows:

	For the year ended December 31,			For the nine months ended September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	19,412	10,667	36,408	24,609
Additions	1,398	26,401	664	3,967
Lease modification	–	9,479	–	–
Early termination of a lease	–	–	–	(275)
Depreciation charge *(Note 11)*	(10,143)	(10,139)	(12,463)	(9,807)
Carrying amount at the end of the year/period	10,667	36,408	24,609	18,494

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Expense relating to short-term leases	1,505	1,856	2,803	1,710	2,578
Total cash outflow for leases	12,522	9,023	14,817	13,414	16,306

The Group leases various offices which are negotiated for terms ranging from 1 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets are depreciated on a straight-line basis over the lease terms.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movements during the Track Record Period are as follows:

	For the year ended December 31,			For the nine months ended September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	15,763	6,882	35,676	25,796
New leases	1,398	26,239	567	3,967
Lease modification	–	9,479	–	–
Early termination of a lease	–	–	–	(279)
Accretion of interest recognized *(Note 13)*	738	243	1,567	806
Payments	(11,017)	(7,167)	(12,014)	(13,728)
Carrying amount at the end of the year/period	6,882	35,676	25,796	16,562

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable				
– within one year	6,578	10,312	18,442	14,425
– between 1 and 2 years	304	18,108	7,230	1,727
– between 2 and 5 years	–	7,256	124	410
Total	6,882	35,676	25,796	16,562
Analyzed as:				
Non-current	304	25,364	7,354	2,137
Current	6,578	10,312	18,442	14,425
Total	6,882	35,676	25,796	16,562

The lease liabilities were measured at the present value of the lease payments that are not yet paid using incremental borrowing rates. The following table shows the weighted average incremental borrowing rates applied to lease liabilities:

	For the year ended December 31,			For the nine months ended September 30,
	2020	**2021**	**2022**	**2023**
	%	%	%	%
Incremental borrowing rate	5.66	5.66	5.66	5.66

The Company

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the Track Record Period are as follows:

	For the year ended December 31,			For the nine months ended September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	19,412	10,667	36,408	24,609
Additions	1,398	26,401	664	1,388
Lease modification	–	9,479	–	–
Early termination of a lease	–	–	–	(275)
Depreciation charge	(10,143)	(10,139)	(12,463)	(9,449)
Carrying amount at the end of the year/period	10,667	36,408	24,609	16,273

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Expense relating to short-term leases	559	798	1,642	1,232	1,456
Total cash outflow for leases	11,576	7,965	13,656	12,813	14,720

The Company leases various offices which are negotiated for terms ranging from 1 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets are depreciated on a straight-line basis over the lease terms.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

(b) Lease liabilities

The carrying amounts of the Company's lease liabilities and the movements during the Track Record Period are as follows:

	For the year ended December 31, 2020	2021	2022	For the nine months ended September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	15,763	6,882	35,676	25,796
New leases	1,398	26,239	567	1,388
Lease modification	–	9,479	–	–
Early termination of a lease	–	–	–	(279)
Accretion of interest recognized	738	243	1,567	750
Payments	(11,017)	(7,167)	(12,014)	(13,264)
Carrying amount at the end of the year/period	6,882	35,676	25,796	14,391

	As at December 31, 2020	2021	2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable				
– within one year	6,578	10,312	18,442	13,578
– between 1 and 2 years	304	18,108	7,230	813
– between 2 and 5 years	–	7,256	124	–
Total	6,882	35,676	25,796	14,391
Analyzed as:				
Non-current	304	25,364	7,354	813
Current	6,578	10,312	18,442	13,578
Total	6,882	35,676	25,796	14,391

The lease liabilities were measured at the present value of the lease payments that are not yet paid using incremental borrowing rates. The following table shows the weighted average incremental borrowing rates applied to lease liabilities:

	For the year ended December 31, 2020	2021	2022	For the nine months ended September 30, 2023
	%	%	%	%
Incremental borrowing rate	5.66	5.66	5.66	5.66

22. INTANGIBLE ASSETS

The Group

	Software *RMB'000*	**Patents** *RMB'000*	**Total** *RMB'000*
COST			
As at January 1, 2020	1,308	–	1,308
Additions	218	220	438
As at December 31, 2020	1,526	220	1,746
Additions	177	7,547	7,724
Acquired on acquisition of a subsidiary	7	–	7
Disposals	(179)	–	(179)
As at December 31, 2021	1,531	7,767	9,298
Additions	336	–	336
As at December 31, 2022	1,867	7,767	9,634
Additions	1,011	–	1,011
As at September 30, 2023	2,878	7,767	10,645
AMORTIZATION			
As at January 1, 2020	605	–	605
Charge for the year	269	7	276
As at December 31, 2020	874	7	881
Charge for the year	238	714	952
Eliminated upon disposals	(179)	–	(179)
As at December 31, 2021	933	721	1,654
Charge for the year	197	822	1,019
As at December 31, 2022	1,130	1,543	2,673
Charge for the period	425	616	1,041
As at September 30, 2023	1,555	2,159	3,714
CARRYING VALUES			
As at December 31, 2020	652	213	865
As at December 31, 2021	598	7,046	7,644
As at December 31, 2022	737	6,224	6,961
As at September 30, 2023	1,323	5,608	6,931

The Company

	Software	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
As at January 1, 2020	1,308	–	1,308
Additions	218	220	438
As at December 31, 2020	1,526	220	1,746
Additions	177	7,547	7,724
Disposals	(179)	–	(179)
As at December 31, 2021	1,524	7,767	9,291
Additions	336	–	336
As at December 31, 2022	1,860	7,767	9,627
Additions	1,011	–	1,011
As at September 30, 2023	2,871	7,767	10,638
AMORTIZATION			
As at January 1, 2020	605	–	605
Charge for the year	269	7	276
As at December 31, 2020	874	7	881
Charge for the year	237	714	951
Eliminated upon disposals	(179)	–	(179)
As at December 31, 2021	932	721	1,653
Charge for the year	195	822	1,017
As at December 31, 2022	1,127	1,543	2,670
Charge for the period	424	616	1,040
As at September 30, 2023	1,551	2,159	3,710
CARRYING VALUES			
As at December 31, 2020	652	213	865
As at December 31, 2021	592	7,046	7,638
As at December 31, 2022	733	6,224	6,957
As at September 30, 2023	1,320	5,608	6,928

The intangible assets above have finite useful lives which are amortized on a straight-line basis over the following periods:

Software	5 years
Patents	5 to 10 years

23. INVESTMENTS IN ASSOCIATES

The Group

	As at December 31, 2020	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments in associates	73,520	65,901	77,823	80,877
Share of post-acquisition profit or loss	6,507	9,270	9,204	6,602
	80,027	75,171	87,027	87,479

As at December 31, 2020, 2021 and 2022 and September 30, 2023 and the date of this report, the associates of the Group, which were accounted for using equity method, were as follows:

Company name	Place and date of incorporation/ establishment and type of legal entity	Principal activities and place of operation	Percentage of ownership as at December 31, 2020	2021	2022	as at September 30, 2023	At the date of this report
Boya Zhongke (Beijing) Information Technology Co., Ltd. (博雅中科(北京)信息技術有限公司) ("Boya Zhongke") *(Note a)*	PRC, November 2, 2016/Limited liability company	Sales of finance management software in the PRC	46%	40%	40%	40%	40%
Beijing Baiwang Cube Technology Co., Ltd. (北京百望立方科技有限公司) ("Baiwang Cube") *(Note b)*	PRC, August 26, 2020/ Limited liability company	Software development in the PRC	–	10%	10%	10%	10%
Third Block (Beijing) Digital Economy Industrial Park Co., Ltd. (第三街區(北京)數字經濟產業園有限公司)	PRC, April 25, 2021/ Limited liability company	Software development in the PRC	–	20%	20%	20%	20%
Guizhou Baiwangyun Technology Co., Ltd. (貴州百望雲科技有限公司)	PRC, July 5, 2021/ Limited liability company	Software development and maintenance service in the PRC	–	40%	40%	40%	40%
Ningbo Lanyuan Baiwang Cloud Digital Technology Co., Ltd. (寧波藍源百望雲數字科技有限公司)	PRC, August 17, 2021/ Limited liability company	Supply chain platform in the PRC	–	40%	40%	40%	40%
China Funded Yirong (Beijing) Technology Co., Ltd. (中資易融(北京)科技有限公司) ("China Funded Yirong") *(Note c)*	PRC, November 24, 2021/Limited liability company	Software development in the PRC	–	15%	15%	15%	15%
Guangxi United Credit Reporting Co., Ltd. (廣西聯合征信有限公司) ("Guangxi United") *(Note d)*	PRC, December 3, 2018/Limited liability company	Big data service in the PRC	–	–	15%	15%	15%
Yunnan Baiwangyun Digital Technology Co., Ltd. (雲南百望雲數字科技有限公司)	PRC, August 8, 2022/ Limited liability company	Big data service platform in the PRC	–	–	40%	40%	40%

Company name	Place and date of incorporation/ establishment and type of legal entity	Principal activities and place of operation	Percentage of ownership as at December 31, 2020	2021	2022	as at September 30, 2023	At the date of this report
Beijing Baiwang Intelligent Finance and Taxation Technology Co., Ltd. (北京百望智慧財稅科技有限公司) ("Baiwang Intelligent") *(Note e)*	PRC, August 31, 2022/ Limited liability company	Development, operation and maintenance of tax information system in the PRC	–	–	25%	25%	25%
Beijing Baiwang Cloud network Technology Co., Ltd. (北京百望雲網絡科技有限公司)	PRC, August 11, 2023/ Limited liability company	Software development and maintenance service in the PRC	–	–	–	35%	35%

Note a: In December 2019, the Group entered into a share transfer agreement with two third parties, pursuant to which the Group acquired further 31% equity interest of Boya Zhongke for a consideration of RMB63,520,000 (the "2020 Acquisition"). Following the completion of equity transfer registration and together with the 15% equity interest previously held, the Group owned 46% equity interest of Boya Zhongke as at December 31, 2020.

In July 2021, the share ownership of 6% equity in the 2020 Acquisition of which capital has yet been paid by the Group was transferred to another investor at nil consideration and a gain of RMB1,613,000 was recognized by the Group in 2021.

Note b: The Group is able to exercise significant influence over Baiwang Cube because it has the right to appoint the executive director of Baiwang Cube under the articles of association of Baiwang Cube.

Note c: The Group is able to exercise significant influence over China Funded Yirong because it has the power to appoint one out of the five directors of China Funded Yirong under the articles of association of China Funded Yirong.

Note d: The Group is able to exercise significant influence over Guangxi United because it has the power to appoint one out of the five directors of Guangxi United under the articles of association of Guangxi United.

Note e: In September 2021 and March 2022, the Group paid investment deposits of RMB5,200,000 and RMB5,000,000, respectively to Baiwang Intelligent for investments in Baiwang Intelligent. The investment arrangement was subsequently superseded; the deposits at RMB10,200,000 was netted against the Group's payable to Baiwang Intelligent and settled in August 2022.

A share transfer agreement (the "Agreement") was entered into by the Group with third-party individuals (the "Transferors") in August 2022; pursuant to which the Group acquired 25% equity interest of Baiwang Intelligent for a consideration of RMB12,695,000, and has the ability to exercise significant influence over Baiwang Intelligent.

The Group also has the right to require additional shares of Baiwang Intelligent from one of the Transferors based on the formula agreed in the Agreement for a consideration of RMB1 if Baiwang Intelligent does not meet the specified sum of profit targets covering a three-year period from 2022 to 2024. The Group accounts for the arrangement/right to receive additional shares at nominal consideration as a financial asset at FVTPL, as in Note 25.

Included in the investments in associates is goodwill of approximately RMB60,090,000, RMB52,595,000, RMB62,544,000, and RMB62,544,000, arising on acquisitions of associates as at December 31, 2020, 2021 and 2022 and September 30, 2023, respectively.

Summarized financial information of material associate

Summarized financial information in respect of each of the Group's material associate is set out below. The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

All of these associates are accounted for using the equity method in these Historical Financial Information.

Boya Zhongke

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	66,812	67,642	68,320	63,364
Non-current assets	6,413	4,124	2,087	2,483
Current liabilities	27,344	17,705	17,360	11,694
Non-current liabilities	2,540	947	335	629

	For the year ended December 31,			For the nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Revenue	37,855	55,347	34,660	19,427	18,942
Profit (loss) and total comprehensive income (expense) for the year/period	10,234	9,773	(402)	(5,289)	(5,642)

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the Historical Financial Information:

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net assets attributable to owners of Boya Zhongke	43,341	53,114	52,712	53,524
Proportion of the Group's ownership in Boya Zhongke	46%	40%	40%	40%
The Group's share of net assets of Boya Zhongke	19,937	21,246	21,085	21,410
Goodwill	60,090	52,595	52,595	52,595
Other adjustment	–	250	410	167
Carrying amount of the Group's interest in Boya Zhongke	80,027	74,091	74,090	74,172

Aggregate information of associates that are not individually material

	As at December 31,			As at September 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The Group's share of loss and total comprehensive expense from associates	–	(470)	(65)	(330)
Aggregate carrying amount of the Group's interests in these associates	–	1,080	12,937	13,307

The Company

	As at December 31,			As at September 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments in associates	73,520	64,351	64,351	66,705
Share of post-acquisition profit or loss	6,381	9,793	9,818	7,587
	79,901	74,144	74,169	74,292

As at December 31, 2020, 2021 and 2022 and September 30, 2023 and the date of this report, the associates of the Company, which were accounted for using equity method, were as follows:

Company name	Place and date of incorporation/ establishment and type of legal entity	Principal activities and place of operation	Percentage of ownership as at December 31, 2020	2021	2022	as at September 30, 2023	At the date of this report
Boya Zhongke *(Note a)*	PRC, November 2, 2016/Limited liability company	Sales of finance management software in the PRC	46%	40%	40%	40%	40%
Baiwang Cube *(Note b)*	PRC, August 26, 2020/ Limited liability company	Software development in the PRC	–	10%	10%	10%	10%

Note a: In December 2019, the Company entered into a share transfer agreement with two third parties, pursuant to which the Group acquired further 31% equity interest of Boya Zhongke for a consideration of RMB63,520,000 (the "2020 Acquisition"). Following the completion of equity transfer registration and together with the 15% equity interest previously held, the Group owned 46% equity interest of Boya Zhongke as at December 31, 2020.

In July 2021, the share ownership of 6% equity in the 2020 Acquisition of which capital has yet been paid by the Company was transferred to another investor together with the consideration payable of RMB11,474,000 and a gain of RMB1,613,000 was recognized by the Group in 2021.

Note b: The Group is able to exercise significant influence over Baiwang Cube because it has the right to appoint the executive director of Baiwang Cube under the articles of association of Baiwang Cube.

24. INVESTMENTS IN JOINT VENTURES

The Group

	As at December 31, 2020	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments in joint ventures	4,000	4,000	4,000	8,951
Share of post-acquisition profit or loss	4,333	5,739	6,845	4,923
	8,333	9,739	10,845	13,874

As at December 31, 2020, 2021 and 2022 and September 30, 2023 and the date of this report, the joint ventures of the Group, which were accounted for using equity method, were as follows:

Company name	Place and date of incorporation/ establishment and type of legal entity	Principal activities and place of operation	Percentage of ownership as at December 31, 2020	2021	2022	as at September 30, 2023	At the date of this report
Baiwang Jinshui Technology Co., Ltd. (百望金稅科技有限公司) ("Baiwang Jinshui")	PRC, May 6, 2016/ Limited liability company	Sales of tax management software in the PRC	40%	40%	40%	40%	0%
Guizhou Yunshui Digital Technology Co., Ltd. (貴州雲稅數字科技有限公司)	PRC, August 13, 2021/ Limited liability company	Big data service platform in the PRC	–	33%	33%	33%	33%
Baiwang Cloud (Chongqing) Information Technology Service Co., Ltd. (百望雲(重慶)信息技術服務有限公司)	PRC, March 30, 2023/Limited liability company	Software development in the PRC	–	–	–	40%	40%
Shanghai Baiwang Shuzhi Technology Co., Ltd. (上海百望數治信息科技有限公司)	PRC, June 16, 2023/Limited liability company	Software development in the PRC	–	–	–	35%	35%
Henan Baiwang Cloud digital technology Co., Ltd. (河南百望雲數字科技有限公司)	PRC, January 5, 2023/Limited liability company	Software development in the PRC	–	–	–	40%	40%
Heilongjiang Baiwang Cloud Technology Co., Ltd. (黑龍江百望雲科技有限公司)	PRC, June 9, 2023/Limited liability company	Software development in the PRC	–	–	–	35%	35%
Guangdong Baiwang Information Technology Co., Ltd. (廣東百望信息技術有限公司)	PRC, January 6, 2023/Limited liability company	Software development in the PRC	–	–	–	35%	35%
Fujian Baiwang Cloud Technology Co., Ltd. (福建百望雲科技有限公司)	PRC, May 8, 2023/Limited liability company	Software development in the PRC	–	–	–	35%	35%

Aggregate information of joint ventures that are not individually material

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The Group's share of profit (loss) and total comprehensive income (expense) from the joint ventures	2,096	1,406	1,106	(1,922)
Aggregate carrying amount of the Group's interests in the joint ventures	8,333	9,739	10,845	13,874

The Company

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investment in joint venture	4,000	4,000	4,000	4,000
Share of post-acquisition profit or loss	4,333	5,739	6,845	6,676
	8,333	9,739	10,845	10,676

As at December 31, 2020, 2021 and 2022 and September 30, 2023 and the date of this report, the joint ventures of the Company, which were accounted for using equity method, were as follows:

			Percentage of ownership				
	Place and date of incorporation/ establishment and	**Principal activities and place of**	**as at December 31,**			**as at September 30,**	**At the date of**
Company name	**type of legal entity**	**operation**	**2020**	**2021**	**2022**	**2023**	**this report**
Baiwang Jinshui	PRC, May 6, 2016/ Limited liability company	Sales of tax management software in the PRC	40%	40%	40%	40%	0%

25. FINANCIAL ASSETS AT FVTPL

The Group

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Wealth management products issued by banks *(Note a)*	200,666	218,856	400,900	351,770
Non-current:				
Investments in associates with preferential rights *(Notes b and c)*	–	19,440	36,496	27,965
Arrangement/right to receive additional shares at nominal consideration *(Notes c and d)*	–	–	2,991	4,683
Total	200,666	238,296	440,387	384,418

The Company

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Wealth management products issued by banks *(Note a)*	200,666	218,856	400,900	351,770
Non-current:				
Investments in associates with preferential rights *(Note b)*	–	19,440	19,443	18,234
Total	200,666	238,296	420,343	370,004

Note a: The Group's wealth management products are mainly the financial products issued by banks, which are short-term investments with expected rates of return ranging from 0% to 20%, depending on the market price of underlying financial instruments, including structured deposits. The Group managed and evaluated the performance of investments on a fair value basis in accordance with the Group's risk management and investment strategy. Details of fair value measurements are set out in Note 40.

Note b: The carrying amount of investments in associates with preferential rights represents the Group's investment in Beijing Daokou Jinke Technology Co., Ltd. (北京道口金科科技有限公司, "Daokou Jinke") and investment in Shanghai Xinghan Information Technology Co., Ltd. (上海星漢信息技術有限公司, "Shanghai Xinghan").

On January 31, 2021, the Group acquired 26.34% redeemable shares with preferential rights in Daokou Jinke at a consideration of RMB34,015,000, and can exercise significant influence over Daokou Jinke. Upon occurrence of certain future events, the redeemable shares with preferential rights shall be redeemed at request of the Company by Daokou Jinke and/or its controlling owner at the higher of the Company's total investment plus annual interest of 8% accrued over the Group's shareholding period as well as declared dividends payable to the Company, and independent valuation. The Group accounts for the investment as a financial asset at FVTPL, with carrying amount of RMB19,440,000 and RMB19,443,000 and RMB18,234,000 as at December 31, 2021 and 2022 and September 30, 2023, respectively.

Note c: In March 2022, the Group entered into an investment agreement with the existing shareholders of Shanghai Xinghan, pursuant to which the Group acquired 19.3548% redeemable shares with preferential rights of Shanghai Xinghan through a capital injection of RMB18,000,000 in Shanghai Xinghan, and can exercise significant influence over Shanghai Xinghan. Upon occurrence of certain future events, the redeemable shares with preferential rights shall be redeemed at the request of the Group by Shanghai Xinghan and/or a third party designated by Shanghai Xinghan, at a consideration of the Group's injected capital plus annual compound interest of 8% accrued over the Group's shareholding period minus the dividend received by the Group. The Group accounts for the investment as a financial asset at FVTPL, with carrying amount of RMB17,053,000 and RMB9,731,000 as at December 31, 2022 and September 30, 2023, respectively. In part of the investment agreement, the Group also has the right to receive additional shares, from one of Shanghai Xinghan's founding shareholders at nil consideration, based on the formula agreed in the investment agreement if Shanghai Xinghan does not meet the specified sum of revenue targets covering a three-year period from 2022 to 2024. The Group accounts for the said right as a financial asset at FVTPL, with carrying amount of nil and RMB2,885,000 as at December 31, 2022 and September 30, 2023, respectively. RMB13,950,000 of the capital injection into Shanghai Xinghan was paid when the investment agreement was signed. The remaining consideration of RMB4,050,000 is payable if several specific conditions are met, which include performance targets of revenue and net profit of 2024, and the Group accounts for such contingent consideration payable as a financial liability at FVTPL, as set out in Note 33.

Note d: The carrying amount of arrangement/right to receive additional shares at nominal consideration represents the Group's right to receive additional shares in Baiwang Intelligent from one of Baiwang Intelligent's owners. In connection with the investment agreement, the Group also has the right to require one of the controlling owners of Baiwang Intelligent to transfer additional shares of Baiwang Intelligent based on the formula agreed in the investment agreement if Baiwang Intelligent does not meet the specified sum of profit targets covering a three-year period from 2022 to 2024. The Group accounts for the said right as a financial asset at FVTPL, with carrying amount of RMB2,991,000 and RMB1,798,000 as at December 31, 2022 and September 30, 2023, respectively, as detailed in Note 23.

26. DEFERRED TAXATION

The Group

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset when applicable. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31,			As at September 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax liabilities	–	–	(148)	–

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30,2023:

	ECL provisions	Fair value adjustments	Tax losses	Right-of-use assets	Lease liabilities	Accelerated tax depreciation and amortization	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2020	54	(66)	323	(2,912)	2,364	237	–
(Charge) credit to profit or loss	–	(34)	(323)	1,312	(955)	–	–
As at December 31, 2020	54	(100)	–	(1,600)	1,409	237	–
Credit (charge) to profit or loss	–	100	–	(3,861)	3,761	–	–
As at December 31, 2021	54	–	–	(5,461)	5,170	237	–
(Charge) credit to profit or loss	(54)	(148)	–	1,820	(1,532)	(234)	(148)
As at December 31, 2022	–	(148)	–	(3,641)	3,638	3	(148)
Credit (charge) to profit or loss	12	430	–	645	(936)	(3)	148
As at September 30, 2023	12	282	–	(2,996)	2,702	–	–

The Company

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30,2023:

	ECL provisions	Fair value adjustments	Tax losses	Right-of -use assets	Lease liabilities	Accelerated tax depreciation and amortization	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2020	54	(66)	323	(2,912)	2,364	237	–
(Charge) credit to profit or loss	–	(34)	(323)	1,312	(955)	–	–
As at December 31, 2020	54	(100)	–	(1,600)	1,409	237	–
Credit (charge) to profit or loss	–	100	–	(3,861)	3,761	–	–
As at December 31, 2021	54	–	–	(5,461)	5,170	237	–
(Charge) credit to profit or loss	(54)	–	–	1,820	(1,532)	(234)	–
As at December 31, 2022	–	–	–	(3,641)	3,638	3	–
Credit (charge) to profit or loss	–	282	–	1,200	(1,479)	(3)	–
As at September 30, 2023	–	282	–	(2,441)	2,159	–	–

The Group

As at December 31, 2020, 2021 and 2022 and September 30, 2023, the Group had estimated unused tax losses of approximately RMB463,179,000, RMB526,565,000, RMB597,296,000 and RMB787,171,000, respectively, which are available for offset against future profits. No deferred tax asset has been recognized in respect of such tax loss due to the unpredictability of future profit streams as at December 31, 2020, 2021 and 2022 and September 30, 2023.

The unrecognized income tax losses which have fixed expiry date, will be expired in the following years:

	For the year ended December 31,			For the nine months ended September 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2021	15,918	–	–	–
2022	32,084	29,482	–	–
2023	46,475	46,475	45,451	45,451
2024	15,172	15,172	15,172	15,172
2025	22,826	22,826	956	956
2026	–	18,684	13,746	13,746
2027	–	–	23,816	23,071
2028	116,664	116,664	116,664	151,215
2029	189,932	189,932	189,932	189,932
2030	24,108	24,108	24,108	24,108
2031	–	63,222	63,222	63,222
2032	–	–	104,229	104,229
2033	–	–	–	156,069
Total	463,179	526,565	597,296	787,171

Note: In accordance with the "Notice on Extending the Period of Loss Carryover for High tech Enterprises and Technological Small and Medium sized Enterprises" (Cai Shui [2018] No. 76), as a High and New Technical Enterprise, the Company has a deductible tax loss expiration period of 10 years.

As at December 31, 2020, 2021 and 2022 and September 30, 2023, the Group had deductible temporary differences of approximately RMB43,954,000, RMB58,636,000, RMB84,323,000 and RMB67,793,000, respectively, and among these amounts, approximately RMB32,621,000, RMB22,229,000, RMB60,049,000 and RMB47,529,000, respectively, deductible temporary differences have not been recognized as deferred tax assets as it is not probable that such deductible temporary differences would be utilized in the foreseeable future.

The Company

As at December 31, 2020, 2021 and 2022 and September 30, 2023, the Company had estimated unused tax losses of approximately RMB330,704,000, RMB393,926,000, RMB498,155,000 and RMB654,224,000, respectively, which are available for offset against future profits. No deferred tax asset has been recognized in respect of such tax loss due to the unpredictability of future profit streams as at December 31, 2020, 2021 and 2022 and September 30, 2023.

The unrecognized income tax losses which have fixed expiry date, will be expired in the following years:

	For the year ended December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2028	116,664	116,664	116,664	116,664
2029	189,932	189,932	189,932	189,932
2030	24,108	24,108	24,108	24,108
2031	–	63,222	63,222	63,222
2032	–	–	104,229	104,229
2033	–	–	–	156,069
Total	330,704	393,926	498,155	654,224

As at December 31, 2020, 2021 and 2022 and September 30, 2023, the Company had deductible temporary differences of approximately RMB42,303,000, RMB56,902,000, RMB80,210,000 and RMB61,598,000, respectively, and among these amounts, approximately RMB30,970,000, RMB20,496,000, RMB55,937,000 and RMB43,555,000, respectively, deductible temporary differences have not been recognized as deferred tax assets as it is not probable that such deductible temporary differences would be utilized in the foreseeable future.

27. INVENTORIES

The Group

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Goods in transit	7,713	5,262	7,141	3,273
Goods available for sale	5,686	3,710	3,851	2,993
Total	13,399	8,972	10,992	6,266

The Company

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Goods in transit	7,713	5,262	7,141	3,273
Goods available for sale	5,812	3,738	3,851	2,993
Total	13,525	9,000	10,992	6,266

28. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

	As at December 31, 2020	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables – contracts with customers	23,193	31,476	34,988	33,999
Less: allowance for credit losses	(1,526)	(3,051)	(4,140)	(4,040)
	21,667	28,425	30,848	29,959
Notes receivables	494	301	589	357
Prepayments				
– to suppliers	3,725	3,208	2,791	2,325
– to others	1,939	1,280	4,560	9,605
Value-added tax recoverable	16,545	21,880	17,840	17,996
Deposits refundable within one year	3,900	4,566	4,766	5,378
Other receivables				
– bid security	1,725	1,826	2,305	2,505
– advances to suppliers	–	15,090	19,909	9,627
– others	7,851	1,998	1,755	3,806
Less: allowance for credit losses	(53)	(242)	(175)	(184)
	36,126	49,907	54,340	51,415
Total	57,793	78,332	85,188	81,374

The Company

	As at December 31, 2020	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables – contracts with customers	23,112	29,564	34,117	31,768
Less: allowance for credit losses	(1,525)	(3,026)	(4,134)	(4,024)
	21,587	26,538	29,983	27,744
Notes receivables	494	301	589	357
Prepayments				
– to suppliers	3,725	3,206	2,720	2,183
– to others	1,457	1,069	4,135	9,312
Value-added tax recoverable	5,913	8,983	16,829	15,733
Deposits refundable within one year	3,824	4,342	4,479	4,528
Other receivables				
– bid security	1,725	1,796	2,291	2,491
– others	7,561	1,730	136	979
Less: allowance for credit losses	(53)	(242)	(126)	(134)
	24,646	21,185	31,053	35,449
Total	46,233	47,723	61,036	63,193

The Group

The following is an aging analysis of the Group's trade receivables presented based on the date of revenue recognition:

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	5,314	8,206	8,103	5,800
31 to 180 days	8,979	12,537	12,488	13,480
181 to 365 days	4,658	5,645	6,977	6,246
Over 1 year	4,242	5,088	7,420	8,473
	23,193	31,476	34,988	33,999

Out of the past due balances of RMB17,911,000, RMB18,067,000, RMB26,885,000 and RMB25,174,000 as at December 31, 2020, 2021 and 2022 and September 30, 2023, respectively, RMB14,568,000, RMB13,720,000, RMB20,118,000 and RMB21,519,000, respectively, has been past due 90 days or more and is not considered as in default by considering the background of the debtors and historical payment arrangement. The Group does not hold any collateral over these balances or charge any interest thereon.

The Company

The following is an aging analysis of the Company's trade receivables presented based on the date of revenue recognition:

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	5,306	7,267	7,335	4,837
31 to 180 days	8,906	11,564	12,388	12,243
181 to 365 days	4,658	5,645	6,974	6,236
Over 1 year	4,242	5,088	7,420	8,452
	23,112	29,564	34,117	31,768

Out of the past due balances of RMB17,838,000, RMB17,235,000, RMB26,782,000 and RMB22,888,000 as at December 31, 2020, 2021 and 2022 and September 30, 2023, respectively, RMB14,568,000, RMB13,720,000, RMB20,087,000 and RMB19,560,000, respectively, has been past due 90 days or more and is not considered as in default by considering the background of the debtors and historical payment arrangement. The Company does not hold any collateral over these balances or charge any interest thereon.

The Group will not grant credit period over 180 days from invoice date which are agreed with each of its customers. The extension of credit period to the customers may be granted on a discretionary basis by considering customer type, the current credit worthiness and the customers' financial condition and payment history with the Group.

Details of impairment assessment of trade and other receivables are set out in Note 40.

29. CONTRACT COSTS

The Group and the Company

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Costs to fulfill contracts				
Current	28,086	18,245	42,026	49,354
Non-current	21,968	36,471	38,088	39,822
	50,054	54,716	80,114	89,176

	For the year ended December 31,			For the nine months ended September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Costs to fulfill contracts transferred to cost of sales and services	14,501	27,827	17,910	28,199

The Group recognized an asset in relation to costs to fulfill contracts, which are mostly employee benefit expenses. Contract costs are recognized as part of cost of sales and services in the consolidated statements of profit or loss and other comprehensive income, in the period in which revenue is recognized. The Directors expect the contract costs to be completely recovered. There was no impairment in relation to the balance of contract costs during the Track Record Period.

30. BANK DEPOSITS/RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

The Group

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term bank deposits	52,506	103,027	106,427	–
Restricted bank deposits	847	515	103	2,063
Short-term bank deposits with maturity over three months	30,198	104,785	80,472	108,970
Cash and cash equivalents	273,102	505,006	237,206	211,360
Total	356,653	713,333	424,208	322,393

The Company

	As at December 31, 2020	2021	2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term bank deposits	52,506	103,027	106,427	–
Restricted bank deposits	847	515	103	2,063
Short-term bank deposits with maturity over three months	30,198	84,535	80,472	108,970
Cash and cash equivalents	238,661	377,807	158,369	149,133
Total	322,212	565,884	345,371	260,166

Bank deposits (long-term and short-term bank deposits)

The Group's bank deposits have original maturities over three months and redeemable on maturity. However, the deposit could be transferred to other parties unconditionally via the bank upon demand before maturity with loss of interest according to the deposit contract. The term deposits carry interest rate ranging from 2.90% to 4.00%, 2.90% to 4.00%, 2.90% to 4.00% and 3.40% to 3.70% per annum for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023, respectively.

Restricted bank deposits

Restricted bank deposits refer to the bank balance deposited into the restricted bank accounts for letters of guarantees issued by the banks and the bank balance frozen due to pending litigation. The letters of guarantees are provided to certain of the Group's customers as performance bonds until the completion or agreed progress of the Group's revenue contracts with the customers. As at December 31, 2020, 2021 and 2022 and September 30, 2023, the annual interest rates for such balances were 0.30%, 0.30%, 0.25% and 0.20% to 1.55% per annum, respectively.

Cash and cash equivalents

Bank balances and cash of the Group and the Company comprise bank balances and cash on hand. Bank balances carried interest at prevailing market rates based on daily bank deposit rate for the Track Record Period. As at December 31, 2020, 2021 and 2022 and September 30, 2023, the bank deposits carry interest rate ranging from 0.30% to 0.38%, 0.30% to 0.38%, 0.25% to 0.42% and 0.20% to 0.45% per annum, respectively.

31. TRADE AND OTHER PAYABLES

The Group

	As at December 31, 2020	2021	2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	27,704	35,147	30,869	33,320
Other payables:				
Accrued staff costs	39,724	53,448	53,276	59,437
Other tax payables	18,062	25,724	15,278	16,447
Payable for acquisition of an associate	31,760	–	–	–
Advance received from Shares with Preferential Rights investors *(Note)*	25,200	–	–	–
Others	20,124	26,146	37,496	35,082
Subtotal	134,870	105,318	106,050	110,966
Total	162,574	140,465	136,919	144,286

Note: The carrying amount represents the advance received in December 2020 from Series C Shares with Preferential Rights investors. The investment agreements were signed in 2021 and the shares transfer registration were completed in January 2021.

The Company

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	22,882	25,085	20,647	22,491
Other payables:				
Accrued staff costs	31,320	41,798	45,817	50,707
Other tax payables	6,231	9,456	10,053	12,373
Payable for acquisition of an associate	31,760	–	–	–
Advance received from Shares with Preferential Rights investors	25,200	–	–	–
Others	19,833	17,845	24,902	26,322
Subtotal	114,344	69,099	80,772	89,402
Total	137,226	94,184	101,419	111,893

The credit period on trade payables is 30-90 days. The following is an aging analysis of the Group's and the Company's trade payables presented based on the date of purchase recognized at the end of each year:

The Group

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	19,255	27,506	26,082	24,270
3 to 6 months	973	3,675	2,111	2,160
6 to 12 months	7,363	350	1,957	4,702
1 to 2 years	111	3,593	340	1,786
Over 2 years	2	23	379	402
Total	27,704	35,147	30,869	33,320

The Company

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	14,433	17,499	16,261	14,359
3 to 6 months	973	3,623	1,892	1,706
6 to 12 months	7,363	349	1,802	4,238
1 to 2 years	111	3,591	313	1,786
Over 2 years	2	23	379	402
Total	22,882	25,085	20,647	22,491

32. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets	65,618	70,419	78,591	85,155
Less: Allowance for credit losses	(307)	(344)	(539)	(784)
	65,311	70,075	78,052	84,371
Analyzed as:				
Current	64,619	68,836	77,891	84,126
Non-current	692	1,239	161	245
Total	65,311	70,075	78,052	84,371

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	104,817	130,631	165,476	161,333

The Company

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets	63,518	58,298	61,668	73,087
Less: Allowance for credit losses	(305)	(284)	(435)	(690)
	63,213	58,014	61,233	72,397
Analyzed as:				
Current	62,521	56,775	61,072	72,152
Non-current	692	1,239	161	245
Total	63,213	58,014	61,233	72,397

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	102,200	122,571	156,899	154,890

Significant changes in contract assets and contract liabilities

Contract assets are the Group's right to consideration in exchange for goods and services that the Group has transferred to customers. Such assets increased as a result of the growth of the Group's cloud-based financial & tax digitalization solutions and data-driven intelligence solutions.

Contract liabilities of the Group mainly arise from the non-refundable advance payments made by customers while the underlying services are yet to be provided. During the Track Reporting Period, the main trend of changes of contract liabilities is increasing. Contract liabilities increased mainly due to the business growth of the Group's cloud-based financial & tax digitalization solutions and data-driven intelligence solutions.

Revenue recognized in relation to contract liabilities

The following table shows the Group's revenue recognized during the Track Record Period related to brought forward contract liabilities:

	Year ended December 31,			Nine months ended September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue recognized that was included in the contract liability balance at the beginning of the year/period	65,795	72,417	80,297	91,646

33. FINANCIAL LIABILITIES AT FVTPL

Shares with Preferential Rights

Since the date of incorporation, the Company has completed several rounds of financing by issuing Shares with Preferential Rights.

	Date of issuance	**Total number of unit capital**	**Consideration per unit capital**	**Total Consideration**
			RMB	*RMB'000*
Series Angel	August 2016	4,687,500	16.0000	75,000
Series A	September 2018	28,724,721	11.0584	317,650
Series A-CB	September 2019	9,042,969	11.0583	100,000
Series B	October 2019/ January 2020	18,245,519	19.1828	350,000
Series C	January 2021	13,039,088	29.3970	383,310
Series C+	November 2021	2,904,957	29.3970	85,397
Total		76,644,754		1,311,357

The key terms of the Shares with Preferential Rights are:

(a) Redemption rights

The shareholders of Shares with Preferential Rights (the "Investors") have the right to require the Company, Ningbo Xiuan, Tianjin Duoying and Ms. Chen Jie (together, the "Founding Shareholder") jointly or separately to purchase the shares held by these shareholders, if (i) the Company has not completed a qualified [**REDACTED**] on or prior to December 31, 2023 (December 31, 2022 for Shenzhen Innovation Investment Group Co., Ltd. (深圳市創新投資集團有限公司), Shenzhen Laterite Intelligent Equity Investment Fund Partnership (Limited Partnership) (深圳市紅土智慧股權投資基金合夥企業(有限合夥)) and Dongguan Laterite Venture Capital Fund Partnership (Limited Partnership) (東莞紅土創業投資基金合夥企業(有限合夥)) of Series B investors), or (ii) the founders in breach of the contractual covenants, including the control and ownership continuity, founders' and the Company's financial integrity and legal compliance requirement and stipulated fund purposes. In addition, the Company shall undertake joint and several guaranteed liabilities for the redemption obligation of the Founding Shareholder.

The redemption price shall be the sum of issuance price paid by the respective investors plus accrued interest at compound rate of 8% per annum.

(b) Voting rights

Each share with preferential rights has voting rights equivalent to the number of shares issued.

(c) Anti-dilution rights

If the Company issues new shares at a price lower than the price paid by the Investors on a per paid-in capital basis, the Investors have a right to require the Company to issue new paid-in capital at the lowest price allowed by the law to the Investors.

(d) Profit distribution rights

The Investors have the right to receive the profit distributions declared by the Company in proportion of their shares, taking precedence over distributions that are paid on ordinary shares.

(e) Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, the Investors shall be entitled to receive the liquidation preference amount, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of ordinary shares. The liquidation price shall be the higher of (i) share subscription consideration paid, plus accrued interest at compound rate of 8% per annum, together with accumulated dividends declared but not distributed; and (ii) the product of all the Company's assets and funds legally available for distribution multiplied by the Investor's shareholding proportion of the total Shares with Preferential Rights.

(f) Cease of the preferential rights

The preferential rights will automatically cease upon the submission of application with the Stock Exchange for the [**REDACTED**] (the "[**REDACTED**]") and [**REDACTED**]. The Shares with Preferential Rights will become ordinary shares without any preferential rights.

As the Shares with Preferential Rights are subject to contingent redemption conditions under certain stipulated events and the share numbers of redemption are variable due to the potential adjustments under certain circumstances which are not "anti-dilutive" in nature, these shares with special rights are initially recognized at fair value. The Group designated these Shares with Preferential Rights as financial liabilities at FVTPL with fair value changes recognized in "fair value changes of financial assets and liabilities at FVTPL" in profit or loss.

The Shares with Preferential Rights will be revalued prior to the cease of the preferential rights with fair value changes, if any, recognized in "fair value changes of financial assets and liabilities at FVTPL" in profit or loss.

In June 2023, the Company and the Investors have entered into a supplemental agreement pursuant to which the redemption right of the Shares with Preferential Rights will cease to be exercisable upon submission of the [**REDACTED**] application to the Stock Exchange until the earlier of (1) the application is not accepted or declined by the Stock Exchange or the Company withdraws the said application, or the Stock Exchange does not approve the Company's application; (2) the Company fails to submit relevant information with China Securities Regulatory Commission or fails the hearing with the [**REDACTED**] of the Stock Exchange within certain time period, or the Company's [**REDACTED**] sponsor withdraws its [**REDACTED**] sponsor; (3) the Company is unable to complete the [**REDACTED**] proceedings within the validity period; or (4) the Stock Exchange is unable to reach a definite decision on the Company's application within two years.

The carrying amounts of the Shares with Preferential Rights are set out as below:

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Series Angel	114,915	131,980	135,699	129,598
Series A	613,650	736,177	754,958	724,941
Series B	631,647	738,566	758,069	725,663
Series C	–	399,036	413,276	391,794
Series C+	–	87,010	89,920	85,390
Total	1,360,212	2,092,769	2,151,922	2,057,386

Shares with Preferential Rights with maturity of less than one year are recorded as current liabilities:

	As at December 31,			As at September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities *(Note)*	–	216,650	2,151,922	2,057,386
Non-current liabilities	1,360,212	1,876,119	–	–
Total	1,360,212	2,092,769	2,151,922	2,057,386

Note: The carrying amounts as at December 31, 2021 and 2022 represent certain Shares with Preferential Rights contractually due for redemption by December 31, 2022. The Investors have entered into an agreement in June 2023 which the preferential rights will automatically cease upon the submission of application with the Stock Exchange for the [**REDACTED**].

The Group applied the income approach to determine the underlying equity value of the Group and adopted equity allocation based on the Black-Scholes option pricing model to determine the fair value of the Shares with Preferential Rights. The key assumptions in evaluating the fair value are as follows:

	For the years ended December 31, 2020	2021	2022	For the nine months ended September 30, 2023
Discount rate	19.00%	18.00%	18.00%	18.00%
Risk-free interest rate	2.62%~2.72%	2.24%~2.37%	2.18%	2.18%~2.19%
Expected volatility value	47.30%~48.03%	46.10%~49.20%	50.08%	39.85%~47.25%
Discount for lack of marketability (the "DLOM")	13.00%	10.00%	10.00%	10.00%
Probability under liquidation scenario	27.50%	22.50%	22.50%	17.50%
Probability under redemption scenario	27.50%	22.50%	22.50%	17.50%
Probability under [**REDACTED**] scenario	45.00%	55.00%	55.00%	65.00%

Discount rate was estimated by weighted average cost of capital as of each valuation date. The Group estimated the risk-free interest rate based on the yield of the Chinese treasury bonds with a maturity life close to period from the respective valuation dates to the expected [**REDACTED**], redemption dates and liquidation dates. Volatility was estimated on each valuation date based on medium of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected [**REDACTED**], redemption dates and liquidation dates. The DLOM was estimated based on the option-pricing method.

Contingent consideration for an investment in an associate

The Group has a contingent consideration of RMB4,050,000 over 19.3548% shares with preferential rights of Shanghai Xinghan as set out in Note 25, which the Group accounts for as a non-current financial liability at FVTPL. The fair value of RMB2,830,000 and nil at December 31, 2022 and September 30, 2023, respectively, was valued by the Group with the assistance from an independent professional valuer with reference to the fair value of Shanghai Xinghan's ordinary shares.

34. SHARE CAPITAL

Authorized and issued

	Number of ordinary shares *'000*	Number of ordinary share with preferential rights *'000* *(Note 33)*	Nominal value of ordinary shares *RMB'000*
As at January 1, 2020	140,000	56,530	196,530
Increase	–	4,171	4,171
As at December 31, 2020	140,000	60,701	200,701
Increase	–	15,944	15,944
As at December 31, 2021 and 2022 and September 30, 2023	140,000	76,645	216,645

Presented as:

	Share capital
	RMB'000
As at January 1, 2020, December 31, 2020, 2021 and 2022 and September 30, 2023	140,000

35. RESERVES

The movements of the reserves of the Company are as follows:

	Capital reserves	**Share-based payments reserves**	**Accumulated losses**	**Total deficits**
	RMB'000	*RMB'000* *(Note 36)*	*RMB'000*	*RMB'000*
As at January 1, 2020	337,438	–	(904,744)	(567,306)
Loss and total comprehensive expense for the year	–	–	(374,022)	(374,022)
Recognition of share-based payment expenses	–	49,772	–	49,772
Cancelation of share-based payment expenses	–	(41,429)	41,429	–
As at December 31, 2020	337,438	8,343	(1,237,337)	(891,556)
Loss and total comprehensive expense for the year	–	–	(431,590)	(431,590)
Recognition of share-based payment expenses	118,606	42,812	–	161,418
As at December 31, 2021	456,044	51,155	(1,668,927)	(1,161,728)
Loss and total comprehensive expense for the year	–	–	(159,103)	(159,103)
Recognition of share-based payment expenses	–	10,469	–	10,469
As at December 31, 2022	456,044	61,624	(1,828,030)	(1,310,362)
Loss and total comprehensive expense for the period	–	–	(185,490)	(185,490)
Recognition of share-based payment expenses	114,126	49,565	–	163,691
Forfeiture of share-based payment expenses	–	(8,343)	8,343	–
As at September 30, 2023	570,170	102,846	(2,005,177)	(1,332,161)
As at January 1, 2022	456,044	51,155	(1,668,927)	(1,161,728)
Loss and total comprehensive expense for the period *(unaudited)*	–	–	(113,085)	(113,085)
Recognition of share-based payment expenses *(unaudited)*	–	7,511	–	7,511
As at September 30, 2022 *(unaudited)*	456,044	58,666	(1,782,012)	(1,267,302)

Capital reserves

The balance mainly represents the difference between the fair values of the equity instruments of the Company contributed by the shareholders to the employees and a consultant and the consideration paid by the employees and a service provider.

36. SHARE–BASED PAYMENTS

Share–based payments plans

(a) 2017 and 2018 Share Incentive

On September 5, 2017, the Company's shareholders' meeting passed a resolution, according to which 40,000,000 ordinary shares of the Company were issued to Ms. Chen Jie, the Controlling Shareholder and Chairman of the Company, at RMB1.23 per share. On October 6, 2017 and April 4, 2018, two other shareholders of the Company transferred an aggregate of 20,000,000 ordinary shares of the Company to Tianjin Duoying, a company controlled by Ms. Chen Jie, at RMB1.23 per share. On December 29, 2017, another shareholder of the Company transferred 30,000,000 ordinary shares of the Company to Ningbo Xiuan, a company controlled by Ms. Chen Jie, at RMB1.23 per share.

The Group recognized these shares transactions as equity–settled share–based payments with no vesting conditions in recognition of Ms. Chen Jie's contribution to the Group. The Group recognized the share–based payment expenses of RMB263,400,000 and RMB66,750,000, being the difference between the total fair value of the ordinary shares and the total subscription consideration, in 2017 and 2018 respectively.

Since 2018, share–based compensation benefits are provided to certain directors, senior management and employees via the Company's share incentive schemes, which includes the grant of share options and share economic rights (the "SERs") through the limited partnerships, including Tianjin Duoying, Tianjin Shuitong Technology Center (Limited Partnership) (天津税通科技中心(有限合夥)), Tianjin Piaoying Technology Center (Limited Partnership) (天津票盈科技中心(有限合夥)), Tianjin Piaowang Technology Center (Limited Partnership) (天津票旺科技中心(有限合夥)), Tianjin Piaofu Technology Center (Limited Partnership) (天津票福科技中心(有限合夥)), and Ningbo Xiuan (hereinafter collectively referred to as the "LLPs"). As at December 31, 2022, the LLPs held 16.4565% in total of the shares of the Company.

(b) 2018-2020 Employee Share Options

Share options were granted to eligible employees to purchase the equity interests of the LLPs. The vesting of the share options are subject to the fulfillment of a service term with performance targets and requisite service until the completion of the [**REDACTED**]. If the eligible employees resign before the [**REDACTED**], the controlling shareholder or parties designated by the Company have the right to repurchase, and the resigned employees have to sell the share options granted and vested at the exercise price. Therefore, the completion of the [**REDACTED**] constitutes a vesting condition and the share-based payment expenses are not recognized until the [**REDACTED**] becomes probable.

In December 2020, the Company canceled the share options and accounted for the cancellation as an acceleration of vesting and recognized immediately the amount that otherwise would have been recognized for services received. RMB12,824,000 arising from the acceleration of vesting was recognized in 2020.

The movement of the share options during the Track Record Period is as follows:

	Outstanding at January 1, 2020	Granted during year	Exercised during year	Forfeited during year	Expired/ Canceled during year	Outstanding at December 31, 2020
	'000	*'000*	*'000*	*'000*	*'000*	*'000*
Share options	4,670	150	–	(1,750)	(3,070)	–
Weighted average exercise price	RMB1.61	RMB1.23	N/A	RMB1.23	RMB1.81	N/A

The fair value of the share options granted during the year ended December 31, 2020 was determined using the Binomial model. The inputs into the model were as follows:

	2018-2020 Employee Share Options
Weighted average share price	RMB16.12
Expected volatility	47.12% or 49.60%
Expected life	0.75-2.75 years
Risk-free rate	1.61% or 1.96%
Expected dividend yield	–

Expected volatility was determined by using the historical volatility of the share price of the comparable companies. The expected life used in the model has been adjusted, based on the Directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

(c) 2018 and 2019 Share Economic Rights (the "2018 and 2019 SERs")

SERs were granted to eligible employees from 2018 to 2020 through the LLPs. The value of SERs is indexed to the equity value of the Company. The vesting of SERs is subject to the requisite service until the completion of [**REDACTED**]. If eligible employees resign before the [**REDACTED**], the controlling shareholder or parties designated by the Company have the right to repurchase and the resigned employees have to sell the SERs granted and vested at the subscription price. Therefore, the completion of the [**REDACTED**] constitutes a vesting condition. Upon meeting the condition, the grantees may choose to dispose the vested SERs through the LLPs and the LLPs shall dispose the shares of the Company underlying such vested SERs and transfer the proceeds to the grantees. The Group does not bear the obligation to settle the SERs plan for employees, the SERs plan was accounted as an equity transaction for share-based payments. The share-based payment expenses are not recognized until the [**REDACTED**] becomes probable. The Directors were of the view that the [**REDACTED**] became probable in December 2021 and hence no share-based payment expenses were recognized for the 2018 and 2019 SERs canceled prior to December 31, 2020.

In 2020 and 2021, two employees resigned and Ms. Chen Jie and the Company decided to waive the repurchase right of service period related vesting condition in recognition of their contribution to the Group, which resulted in a modification with removal of the vesting condition. The share-based payment expenses of RMB8,343,000 was recognized immediately upon the modification in each of 2020 and 2021.

In December 2020, except for the 2018 and 2019 SERs granted to these two employees, the Company canceled the 2018 and 2019 SERs and accounted for the cancellation as an acceleration of vesting and recognized immediately the amount that otherwise would have been recognized for services received. RMB28,605,000 arising from the acceleration of vesting was recognized in 2020.

The movement of the 2018 and 2019 SERs during the Track Record Period is as follows:

	Number of 2018 and 2019 SERs	Weighted-average grant date fair value
	'000	*RMB*
As at January 1, 2020	6,250	11.92
Forfeited	(1,650)	11.92
Canceled during the year	(2,400)	11.92
As at December 31, 2020	2,200	11.92
Forfeited	(800)	11.92
As at December 31, 2021 and 2022	1,400	11.92
Forfeited	(700)	11.92
As at September 30, 2023	700	11.92

The 2018 and 2019 SERs were priced using the value of the ordinary shares determined by using the discounted cash flow method with a DLOM. The key inputs used to evaluate the grant date fair value are as follows:

	2018 and 2019 SERs
Discount rate	19.00%-21.00%
DLOM	16.00%-21.00%

(d) The 2020 SERs Scheme

In 2021 and 2022, pursuant to 2020 SERs Scheme, an aggregate of 13,780,000 SERs of the LLPs were granted, representing 13,780,000 ordinary shares of par value of RMB1 each in the share capital of the Company with the subscription price at RMB1.23 (the "2020 SERs I") or RMB2.51 (the "2020 SERs II") each SER to eligible employees. The vesting is subject to the requisite service until the completion of the [**REDACTED**] of which 25% of the SERs are to be vested upon the completion of the [**REDACTED**], and 25% in each of the subsequent three years. The SERs could not be sold during the period from date of grant to 3 years after the completion of the [**REDACTED**] (the "Lock-up Period"), after which 50% of vested SERs can be sold by the SERs holders in each of the subsequent two years. If the eligible employees resign during the Lock-up Period, the controlling shareholder or parties designated by the Company have the right to repurchase and the resigned employees have to sell the unvested SERs at the subscription price. The share-based payment expenses are not recognized until the [**REDACTED**] becomes probable. In December 2021, the Directors were of a view that the [**REDACTED**] became probable and share-based payment expenses of RMB34,469,000 were recognized in 2021.

In addition, in 2021, an aggregate of 6,700,000 SERs of the LLPs were granted, representing 6,700,000 ordinary shares of par value at RMB1 each in the share capital of the Company with the price of RMB1.23/2.51 (the "2020 SERs III") for each SER. The 2020 SERs III were not subject to the [**REDACTED**] condition and were fully vested upon the grant.

In 2023, pursuant to the 2020 SERs III, an aggregate of 5,450,000 SERs of the LLPs were granted to two key management personnel and a consultant, representing 5,450,000 ordinary shares at par value of RMB1 each in the share capital of the Company with the price of RMB1.23/2.51 for each SER.

The share-based payment expenses of RMB118,606,000 and RMB114,126,000 were recognized in 2021 and in the nine months ended September 30, 2023, respectively.

A summary of the 2020 SERs' movement is as follows:

	Number of 2020 SERs	**Weighted-average grant date fair value**
	'000	*RMB*
As at January 1, 2021	–	–
Granted during the year	20,165	16.36
Forfeited	(2,420)	15.56
As at December 31, 2021	17,745	16.47
Granted during the year	315	16.14
Forfeited	(2,075)	15.76
As at December 31, 2022	15,985	16.56
Granted during the year	5,450	20.94
Forfeited	(595)	15.97
As at September 30, 2023	20,840	17.72

The SERs were priced using the value of the ordinary shares determined by using the discounted cash flow method with a DLOM. The key inputs used to evaluate the grant date fair value are as follows:

	2020 SERs
Discount rate	18.00%
DLOM	11.00%-23.00%

In 2022, the Company made the following modifications to the 2020 SERs I and 2020 SERs II:

1) For 2020 SERs I, the SERs could not be sold from the date of grant to 1 year after the completion of the [**REDACTED**] (the "Revised Lock-up Period"), after which 50%, 25% and 25% of vested SERs can be sold in each of the subsequent three years. If the eligible employees resign during the Revised Lock-up Period and first 2 years of after the Revised Lock-up Period, the controlling shareholder or parties designated by the Company have the right to repurchase and the resigned employees have to sell the unvested SERs at the subscription price (the "2022 SERs I").

2) For 2020 SERs II, the SERs could not be sold from the date of grant to 1 year after the completion of the [**REDACTED**], after which 20%, 20%, 30% and 30% of vested SERs could be sold in each of the subsequent four years. If the eligible employees resign during the Revised Lock-up Period and first 2 years after the Revised Lock-up period, the controlling shareholder or parties designated by the Company have the right to repurchase and the resigned employees have to sell the unvested SERs at the subscription price (the "2022 SERs II").

(e) The 2022 SERs Scheme

In 2022, pursuant to the 2022 SERs II, an aggregate of 445,000 SERs were granted, representing 445,000 ordinary shares at par value of RMB1 each in the share capital of the Company with the price of RMB2.51 each SER was granted to eligible employees.

In the nine months ended September 30, 2023, pursuant to the 2022 SERs I and 2022 SERs II, an aggregate of 7,105,000 SERs of the LLPs were granted, representing 7,105,000 ordinary shares at par value of RMB1 each in the share capital of the Company with the subscription price of RMB1.23 or RMB2.51 each SER to eligible employees.

The share-based payment expenses of RMB10,469,000 and RMB49,565,000 were recognized during the year ended December 31, 2022 and the nine months ended September 30, 2023, respectively.

The following table discloses movements of the newly granted 2022 SERs.

	Number of 2022 SERs	**Weighted-average grant date fair value**
	'000	*RMB*
As at January 1, 2022	–	–
Granted during the year	445	17.39
As at December 31, 2022	445	17.39
Granted during the period	7,105	17.79
Forfeited	(120)	17.31
As at September 30, 2023	7,430	17.77

The SERs were priced using the value of the ordinary shares determined by using the discounted cash flow method with a DLOM. The key inputs used to evaluate the grant date fair value are as follows:

	2022 SERs
Discount rate	18.00%
DLOM	11.00%-21.00%

37. CONTINGENT LIABILITIES

As of the date of this report, the Company involved in one pending litigation. This pending litigation relates to the appeal of a patent infringement case, in which the plaintiff alleged that the Company violated its invention patent and sought damage of over RMB7 million. In September 2022, the Beijing Intellectual Property Court dismissed the plaintiff's complaint in favor of the Company. In October 2022, the plaintiff appealed to the Supreme People's Court, which has accepted the plaintiff's application in February 2023. As of the date of this report, the Supreme People's Court has not issued a judgment. The Directors believe, based on legal advice, that there is some uncertainty in the outcome of this pending litigation and the possibility of overturning the first instance judgment and determining that the Company has violated the plaintiff's invention patent is relatively low.

38. CAPITAL COMMITMENTS

	As at December 31,			As at September 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure in respect of acquisition of equity interests in associates	50,115	22,250	22,250	29,930

The capital commitment mainly represents the outstanding capital injection commitments in certain investments in associates in accordance with the agreements entered with other shareholders, in proportion to the existing shareholdings. Such commitments can be nullified by agreements with all the shareholders involved.

39. CAPITAL RISK MANAGEMENT

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

The Group monitors capital (including share capital and Share with Preferential Rights) by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the capital. The Group may issue new shares or Shares with Preferential Rights.

40. FINANCIAL INSTRUMENTS

Financial instruments by categories

The Group

	As at December 31,			As at September 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Amortized cost	393,233	782,982	485,641	373,915
Financial assets at FVTPL	200,666	238,296	440,387	384,418
	593,899	1,021,278	926,028	758,333
Financial liabilities				
Amortized cost	125,988	64,067	55,911	63,263
Financial liabilities at FVTPL	1,360,212	2,092,769	2,154,752	2,057,386
	1,486,200	2,156,836	2,210,663	2,120,649

The Company

	As at December 31,			As at September 30,
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Amortized cost	395,484	789,725	479,587	412,098
Financial assets at FVTPL	200,666	238,296	420,343	370,004
	596,150	1,028,021	899,930	782,102
Financial liabilities				
Amortized cost	171,728	91,787	62,924	87,602
Financial liabilities at FVTPL	1,360,212	2,092,769	2,151,922	2,057,386
	1,531,940	2,184,556	2,214,846	2,144,988

Financial risk management

The Group's activities expose it to a variety of financial risks, such as market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors.

The Group's and the Company's major financial instruments include financial assets at FVTPL, trade and other receivables, bank balances and cash, restricted bank deposits, term deposits, amounts due from related parties, trade and other payables, amounts due to related parties and financial liabilities at FVTPL. Details of the financial instruments are disclosed in respective notes. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group and the Company to cash flow interest rate risk, whereas fixed rate instruments expose the Group and the Company to fair value interest risk. The Group's and the Company's cash flow interest rate risk primarily arose from bank balances and cash with market interest rate and market interest rate indexed wealth management products, details of which have been disclosed in Note 30 and Note 25, respectively. The Group's and the Company's fair value interest rate risk primarily arises from term deposits and lease liabilities, details of which have been disclosed in Note 30 and Note 21 respectively.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The Directors consider that the impact to profit or loss for respective years/period are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

Other price risk

The Group is exposed to price risk in respect of part of its market price indexed wealth management products, investments in associates with preferential rights, Shares with Preferential Rights and contingent consideration for acquiring an associate. The Group's and the Company's other price risk primarily arises from wealth management products measured as financial assets at FVTPL and Shares with Preferential Rights, details of which have been disclosed in Note 25 and Note 33, respectively. The Group has appointed a special team to monitor the price risk.

The Group currently does not have a policy to hedge the other price risk. However, the management closely monitors such risk by maintaining a portfolio of investments with different risks.

Sensitivity analyses for Shares with Preferential Rights fair value measurement categorized within Level 3 were disclosed in Note 40.

For sensitivity analysis purpose, the sensitivity rates are changed to 22%, 22%, 22% and 16% for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023 due to change in market conditions.

The Group's sensitivities to market price indexed wealth management products, investments in associates with preferential rights, and contingent consideration for acquiring an associate at the end of the reporting periods while all other variables were held constant are as follows:

	2020	**2021**	**2022**	**Nine months ended September 30, 2023**
Reasonably possible change in equity price	22%	22%	22%	16%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(Increase) decrease in post-tax loss and total comprehensive expense for the year/period				
as a result of decrease in equity price	–	(52,573)	(31,210)	(10,050)
as a result of increase in equity price	–	52,573	31,210	10,050

(b) Credit risk and impairment assessment

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk is mainly associated with trade and other receivables, bank balances and cash, restricted bank deposits, term deposits, amounts due from related parties and contract assets.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

			Gross carrying amount			
			As at December 31,			As at September 30,
		12m or	**2020**	**2021**	**2022**	**2023**
	Notes	**Lifetime ECL**	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at amortized cost						
Bank balances and cash	*30*	12m ECL	273,102	505,006	237,206	211,360
Restricted bank deposits	*30*	12m ECL	847	515	103	2,063
Short-term bank deposits with maturity over three months	*30*	12m ECL	30,198	104,785	80,472	108,970
Long-term bank deposits	*30*	12m ECL	52,506	103,027	106,427	–
Notes receivables	*28*	12m ECL	494	301	589	357
Trade receivables	*28*	Lifetime ECL (not credit-impaired)	22,648	29,910	33,379	32,269
Trade receivables	*28*	Lifetime ECL (credit-impaired)	545	1,566	1,609	1,730
Contract assets	*32*	Lifetime ECL (not credit-impaired)	65,618	70,419	78,591	85,155
Other receivables and deposits	*28*	12m ECL	13,338	23,411	28,675	21,316
Amounts due from related parties						
– trade nature	*42*	Lifetime ECL (not credit-impaired)	1,094	2,023	1,433	25
– trade nature	*42*	Lifetime ECL (credit-impaired)	–	–	–	1,125
– contract assets	*42*	Lifetime ECL (not credit-impaired)	193	1,390	1,550	6,690
– non-trade nature	*42*	12m ECL	40	15,731	63	53

The Group's bank balances and cash, restricted bank deposits, and term deposits are mainly deposited in state-owned or reputable financial institutions in PRC. There has been no recent history of default in relation to these financial institutions. The Group considers the instruments have low credit risk because they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are insignificant during the Track Record Period. The Group considers that there is no significant credit risk and no material losses due to the default of the other parties.

To manage risk arising from trade receivables, contract assets and amounts due from related parties of trade nature, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. The Group will not grant credit period over 180 days to the customers from invoice date and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. In view of the sound collection history of receivables due from them, for measuring ECL, trade receivables, contract assets and amounts due from related parties of trade nature have been grouped based on shared credit risk characteristics and aging. In addition, trade receivables, contract assets and amounts due from related parties of trade nature with significant balances are assessed for ECL individually.

	Gross carrying amount *RMB'000*	ECL rate	Loss allowance *RMB'000*
As at December 31, 2020			
Trade receivables (including amounts due from related parties)			
Assessed individually	8,393	0.60%	50
Assessed on collective basis (by aging)			
– 0-90 days	6,718	1.41%	95
– 91-180 days	2,788	2.91%	81
– 181-365 days	3,535	5.69%	201
– Over 1 year	2,853	38.52%	1,099
	24,287		1,526
Contract assets (including amounts due from related parties)			
Assessed individually	21,963	0.68%	149
Assessed on collective basis	43,848	0.36%	158
	65,811		307
	90,098		1,833
As at December 31, 2021			
Trade receivables (including amounts due from related parties)			
Assessed individually	7,615	0.87%	66
Assessed on collective basis (by aging)			
– 0-90 days	13,909	1.31%	182
– 91-180 days	3,158	3.32%	105
– 181-365 days	3,980	5.78%	230
– Over 1 year	4,837	51.02%	2,468
	33,499		3,051
Contract assets (including amounts due from related parties)			
Assessed individually	19,349	0.56%	108
Assessed on collective basis	52,459	0.45%	236
	71,808		344
	105,307		3,395

	Gross carrying amount	ECL rate	Loss allowance
	RMB'000		*RMB'000*
As at December 31, 2022			
Trade receivables (including amounts due from related parties)			
Assessed individually	8,887	0.66%	59
Assessed on collective basis (by aging)			
– 0-90 days	9,716	1.26%	122
– 91-180 days	4,751	3.07%	146
– 181-365 days	5,598	5.54%	310
– Over 1 year	7,469	46.90%	3,503
	36,421		4,140
Contract assets (including amounts due from related parties)			
Assessed individually	22,120	0.38%	83
Assessed on collective basis	58,021	0.79%	456
	80,141		539
	116,562		4,679
As at September 30, 2023			
Trade receivables (including amounts due from related parties)			
Assessed individually	9,205	12.71%	1,170
Assessed on collective basis (by aging)			
– 0-90 days	10,991	1.44%	158
– 91-180 days	5,099	4.96%	253
– 181-365 days	3,914	7.33%	287
– Over 1 year	5,940	55.57%	3,301
	35,149		5,169
Contract assets (including amounts due from related parties)			
Assessed individually	39,627	0.70%	276
Assessed on collective basis	52,218	0.97%	508
	91,845		784
	126,994		5,953

The following table shows the movement in lifetime ECL that has been recognized for trade receivables, contract assets and amounts due from related parties of trade nature under the simplified approach.

Trade receivables

	Lifetime ECL (not credit-impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
As at January 1, 2020	760	202	962
Changes due to financial instruments recognized as at January 1, 2020:			
Impairment losses reversed	(725)	–	(725)
Impairment losses recognized	1,289	–	1,289
Transfer to credit-impaired	(343)	343	–
As at December 31, 2020	981	545	1,526
Changes due to financial instruments recognized as at January 1, 2021:			
Impairment losses reversed	(667)	–	(667)
Impairment losses recognized	2,192	–	2,192
Transfer to credit-impaired	(1,021)	1,021	–
As at December 31, 2021	1,485	1,566	3,051
Changes due to financial instruments recognized as at January 1, 2022:			
Impairment losses reversed	(741)	–	(741)
Impairment losses recognized	1,830	–	1,830
Transfer to credit-impaired	(43)	43	–
As at December 31, 2022	2,531	1,609	4,140
Changes due to financial instruments recognized as at January 1, 2023:			
Impairment losses reversed	(2,371)	–	(2,371)
Impairment losses recognized	3,400	–	3,400
Transfer to credit-impaired	(1,246)	1,246	–
As at September 30, 2023	2,314	2,855	5,169
As at December 31, 2021	1,485	1,566	3,051
Changes due to financial instruments recognized as at January 1, 2022:			
Impairment losses reversed (unaudited)	(1,044)	–	(1,044)
Impairment losses recognized (unaudited)	2,071	–	2,071
Transfer to credit-impaired (unaudited)	(43)	43	–
As at September 30, 2022 (unaudited)	2,469	1,609	4,078

Contract assets

	Lifetime ECL (not credit-impaired)
	RMB'000
As at January 1, 2020	103
Changes due to financial instruments recognized as at January 1, 2020:	
Impairment losses reversed	(66)
Impairment losses recognized	270
As at December 31, 2020	307
Changes due to financial instruments recognized as at January 1, 2021:	
Impairment losses reversed	(264)
Impairment losses recognized	301
As at December 31, 2021	344
Changes due to financial instruments recognized as at January 1, 2022:	
Impairment losses reversed	(260)
Impairment losses recognized	455
As at December 31, 2022	539
Changes due to financial instruments recognized as at January 1, 2023:	
Impairment losses reversed	(306)
Impairment losses recognized	551
As at September 30, 2023	784
As at December 31, 2021	344
Changes due to financial instruments recognized as at January 1, 2022:	
Impairment losses reversed (unaudited)	(283)
Impairment losses recognized (unaudited)	812
As at September 30, 2022 (unaudited)	873

The management believes that there is no significant increase in credit risk of these amounts of notes receivables, other receivables and deposits, and amounts due from related parties of non-trade nature since initial recognition and the Group and the Company provided impairment based on 12m ECL. For the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2022 and 2023, the Group and the Company assessed the ECL for other receivables and amounts due from related parties of non-trade nature are insignificant.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, on which the Group recognizes 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.

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, term deposits and operating cash flows, the Directors believe that the Group will have sufficient financial resources to satisfy its future working capital in the next twelve months from the date of the report.

The following table details remaining contractual maturity of the Group's financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities on the earliest date which the Group can be required to pay. The maturity dates are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

	Weighted average interest rate	Carrying amount *RMB'000*	On demand or less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
As at December 31, 2020							
Trade and other payables	–	96,931	96,931	–	–	–	96,931
Amounts due to related parties	–	29,057	29,057	–	–	–	29,057
Financial liabilities at FVTPL	8.00%	1,360,212	–	1,123,748	–	–	1,123,748
Lease liabilities	5.66%	6,882	6,771	307	–	–	7,078
		1,493,082	132,759	1,124,055	–	–	1,256,814
As at December 31, 2021							
Trade and other payables	–	50,930	50,930	–	–	–	50,930
Amounts due to related parties	–	13,136	13,136	–	–	–	13,136
Financial liabilities at FVTPL	8.00%	2,092,769	188,998	1,605,748	–	–	1,794,746
Lease liabilities	5.66%	35,676	11,557	18,994	7,456	–	38,007
		2,192,511	264,621	1,624,742	7,456	–	1,896,819
As at December 31, 2022							
Trade and other payables	–	54,441	54,441	–	–	–	54,441
Amounts due to related parties	–	1,470	1,470	–	–	–	1,470
Financial liabilities at FVTPL	8.00%	2,154,752	1,794,802	4,050	–	–	1,798,852
Lease liabilities	5.66%	25,796	19,342	7,430	124	–	26,896
		2,236,459	1,870,055	11,480	124	–	1,881,659
As at September 30, 2023							
Trade and other payables		59,296	59,296	–	–	–	59,296
Amounts due to related parties		3,967	3,967	–	–	–	3,967
Financial liabilities at FVTPL	8.00%	2,057,386	1,777,027	–	–	–	1,777,027
Lease liabilities	5.66%	16,562	14,917	1,542	659	–	17,118
		2,137,211	1,855,207	1,542	659	–	1,857,408

Fair value measurement of financial instruments

Determination of fair value and fair value hierarchy

IFRS 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurement for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value.

The level of fair value calculation is determined by the lowest level input that is significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities.

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measurement within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement.

The following tables provide the fair value measurement hierarchy of the Group's financial assets and liabilities:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2020				
Assets:				
Financial assets at FVTPL	–	200,666	–	200,666
Liabilities:				
Financial liabilities at FVTPL	–	–	1,360,212	1,360,212
As at December 31, 2021				
Assets:				
Financial assets at FVTPL	–	218,856	19,440	238,296
Liabilities:				
Financial liabilities at FVTPL	–	–	2,092,769	2,092,769

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2022				
Assets:				
Financial assets at FVTPL	–	400,900	39,487	440,387
Liabilities:				
Financial liabilities at FVTPL	–	–	2,154,752	2,154,752
As at September 30, 2023				
Assets:				
Financial assets at FVTPL	–	351,770	32,648	384,418
Liabilities:				
Financial liabilities at FVTPL	–	–	2,057,386	2,057,386

The following summaries the fair values of major financial assets and liabilities to determine the valuation techniques and inputs used:

Financial assets/ liabilities	Carrying amount 2020	Carrying amount 2021	Carrying amount 2022	Carrying amount September 30, 2023	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable	Relationship of unobservable inputs to fair value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*				
Wealth management products	200,666	218,856	400,900	351,770	Level 2	Discounted cash flow	Volatility	The higher the volatility, the higher the fair value
Investments in associates with preferential rights and the arrangement/ right to receive additional shares at nominal consideration	–	19,440	39,487	32,648	Level 3	Income approach	Expected future cash flow	The more the cash flow, the higher the fair value
						Combination of Probability-weighted Return Method and Option Price Method	DLOM	The lower the DLOM, the higher the fair value

During the Track Record Period, fair value changes arose from the financial assets classified within Level 2 and 3 as listed in the table above were insignificant. The Directors consider that any reasonable changes in the significant unobservable inputs would not result in a significant change in the Group's results. Accordingly, no sensitivity analysis is presented.

The determination of the fair value for Shares with Preferential Rights and share-based payments are set out in Note 33 and Note 36, respectively.

Fair value of the Shares with Preferential Rights is affected by changes in the Company's equity value. If the Company's equity value had increased/decreased by 2% with all other variables held constant, the loss before tax for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023 would have been approximately RMB21,014,000, RMB34,143,000, RMB34,569,000 and RMB33,676,000 higher/lower, respectively.

For assets and liabilities that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting end. During the Track Record Period, there were no transfers among different levels of fair values measurement.

	Wealth management products	Investments in associates with preferential rights and the arrangement/right to receive additional shares at nominal consideration	Shares with Preferential Rights	Contingent consideration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2020	50,437	–	(983,098)	–
Issue of shares *(Note 33)*	–	–	(80,000)	–
Purchase	1,739,700	–	–	–
Redemption	(1,600,675)	–	–	–
Changes in fair value	11,204	–	(297,114)	–
As at December 31, 2020	200,666	–	(1,360,212)	–
Issue of shares *(Note 33)*	–	–	(468,707)	–
Purchase	594,000	–	–	–
Redemption	(588,712)	–	–	–
Investment in FVTPL	–	34,015	–	–
Changes in fair value	12,902	(14,575)	(263,850)	–
As at December 31, 2021	218,856	19,440	(2,092,769)	–
Purchase	1,400,000	–	–	–
Redemption	(1,223,024)	–	–	–
Investment in FVTPL	–	19,122	–	(2,499)
Changes in fair value	5,068	925	(59,153)	(331)
As at December 31, 2022	400,900	39,487	(2,151,922)	(2,830)
Purchase	600,000	–	–	–
Redemption	(656,401)	–	–	–
Changes in fair value	7,271	(6,839)	94,536	2,830
As at September 30, 2023	351,770	32,648	(2,057,386)	–

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

For the financial assets and financial liabilities that are not measured at fair value on a recurring basis, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair values at the end of each reporting periods.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statements of cash flows as cash flows from financing activities.

	Shares with Preferential Rights	Prepayments of share issued costs	Lease liabilities	Trade and other payables non-trade	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2020	983,098	–	15,763	–	998,861
Financing cash flows	80,000	–	(11,017)	25,200	94,183
New lease entered	–	–	1,398	–	1,398
Finance costs	–	–	738	–	738
Changes in fair values of financial liabilities at FVTPL	297,114	–	–	–	297,114
As at December 31, 2020	1,360,212	–	6,882	25,200	1,392,294
Financing cash flows	468,707	(671)	(7,167)	(25,200)	435,669
New lease entered/lease modification	–	–	35,718	–	35,718
Finance costs	–	–	243	–	243
Changes in fair values of financial liabilities at FVTPL	263,850	–	–	–	263,850
As at December 31, 2021	2,092,769	(671)	35,676	–	2,127,774
Financing cash flows	–	(1,706)	(12,014)	–	(13,720)
New lease entered	–	–	567	–	567
Finance costs	–	–	1,567	–	1,567
Changes in fair values of financial liabilities at FVTPL	59,153	–	–	–	59,153
As at December 31, 2022	2,151,922	(2,377)	25,796	–	2,175,341
Financing cash flows	–	(5,138)	(13,728)	–	(18,866)
New lease entered and early termination of a lease	–	–	3,688	–	3,688
Finance costs	–	–	806	–	806
Changes in fair values of financial liabilities at FVTPL	(94,536)	–	–	–	(94,536)
As at September 30, 2023	2,057,386	(7,515)	16,562	–	2,066,433

42. RELATED PARTY TRANSACTIONS

Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the Track Record Period.

Name of related parties	**Relationship with the Group**
Ms. Chen Jie	The Controlling Shareholder and Chairman
Mr. Chen Lin	The brother of the Controlling Shareholder
Beijing Watertek Information Technology Co., Ltd. (北京旋極信息技術股份有限公司) and its subsidiaries ("Watertek") *(Note 1)*	Non-controlling shareholder
Heilongjiang Yizhangtong Business Service Co., Ltd. (黑龍江壹賬通商務服務有限公司) and its subsidiaries ("Yizhangtong") *(Note 1)*	Controlled by Mr. Chen Lin
Baiwang Intelligent *(Note 1)*	Associate
Guomai Xin'an Technology Co., Ltd. (北京國脈信安科技有限公司) ("Guomai Xin'an") *(Note 1)*	Significantly influenced by the Controlling Shareholder
Beijing Bright Intelligent Information Technology Co., Ltd. (北京閃亮智能信息技術有限公司) ("Bright Intelligent") *(Note 1)*	Controlled by a close family member of Director
Fosun Holdings Limited and its subsidiaries ("Fosun") *(Note 1)*	Non-controlling shareholder with significant influence
Baiwang Jinfu Technology Co., Ltd. (百望金賦科技有限公司) ("Baiwang Jinfu") *(Notes 1 and 2)*	Non-controlling shareholder with significant influence
Daokou Jinke *(Note 1)*	Associate
Boya Zhongke *(Note 1)*	Associate
Baiwang Jinshui *(Note 1)*	Joint venture
Guangxi United *(Note 1)*	Associate
Shanghai Xinghan *(Note 1)*	Associate
Beijing Wisedoing Network Information Technology Co., Ltd. (北京唯致動力網絡信息科技有限公司) ("Wisedoing") *(Note 1)*	Controlled by Mr. Chen Lin

Note 1: The English name of the companies established in the PRC are for reference only and have not been registered.

Note 2: Pursuant to Watertek's declaration in January 2022, Watertek abandoned the right to appoint a director and ceased to exercise significant influence over the Company. The Directors consider Baiwang Jinfu being a joint venture of Watertek is no longer a related party of the Company from January 2022 onwards.

Transactions with related parties

The Group have the following transactions and balances with related parties:

Name of related parties	Nature of transactions	Year ended December 31, 2020	2021	2022	Nine months ended September 30 2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Watertek	Provision of services	722	61	–	–	–
Fosun	Provision of services	53	1,503	133	121	58
Daokou Jinke	Provision of services	–	1,415	–	–	–
Baiwang Jinshui	Provision of services	999	811	715	566	701
Guangxi United	Provision of services	–	–	3,876	1,055	36,997
Ms. Chen Jie	Interest income	–	–	620	465	–
Others	Provision of services	–	239	10	5	157
Total		1,774	4,029	5,354	2,212	37,913

Name of related parties	Nature of transactions	Year ended December 31, 2020	2021	2022	Nine months ended September 30 2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Watertek	Purchases of services and products	7,771	4,659	–	–	–
Baiwang Jinfu	Purchases of services and products	17,151	11,346	–	–	–
Yizhangtong	Purchases of services	497	1,137	–	–	–
Guomai Xin'an	Purchases of services and products	2,159	3,022	4,270	3,330	5,084
Bright Intelligent	Purchases of services	1,297	509	–	–	–
Boya Zhongke	Purchases of services and products	4,652	98	2,007	1,876	354
Baiwang Intelligent	Purchases of services	–	–	4,616	–	–
Others	Purchases of services	156	1,029	200	78	948
Total		33,683	21,800	11,093	5,284	6,386

In the opinion of the Directors, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

Balance with related parties

At the end of each reporting period, the Group have the following significant balances with related parties:

Amounts due from related parties

Nature of balances with related parties	As at December 31, 2020	2021	2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	1,094	2,023	1,433	21
Other receivables	40	15,731	63	53
Prepayments	1,660	116	585	461
Contract assets	193	1,390	1,550	6,690
Subtotal	2,987	19,260	3,631	7,225

Name of related parties	Nature of transactions	As at December 31, 2020	2021	2022	As at September 30, 2023
	(Note a)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Guomai Xin'an	Trade	1,632	–	–	–
Guangxi United	Trade	–	–	861	5,993
Daokou Jinke	Trade	–	1,172	1,125	–
Baiwang Intelligent	Trade	–	–	585	461
Baiwang Jinshui	Trade	1,184	1,922	866	706
Watertek	Trade	101	158	–	–
Others	Trade	30	277	131	12
Subtotal		2,947	3,529	3,568	7,172

Name of related parties	Nature of transactions	As at December 31, 2020	2021	2022	As at September 30, 2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Ms. Chen Jie *(Note b)*	Non-trade	–	15,731	–	–
Others *(Note c)*	Non-trade	40	–	63	53
Subtotal		40	15,731	63	53
Total		2,987	19,260	3,631	7,225

The maximum amount outstanding during the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023 in respect of the amounts due from Ms. Chen Jie and companies controlled by Ms. Chen Jie are nil, RMB15,731,000, RMB16,351,000 and nil, respectively.

Notes:

a. Balances of trade nature are unsecured, interest-free, and aged within one year.

b. Balances of non-trade nature are unsecured, interest-bearing and repayable on demand.

c. Balances with other related parties are unsecured, interest-free and repayable on demand.

Amounts due to related parties

Nature of balances with related parties	As at December 31, 2020	2021	2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	28,942	13,021	1,355	3,761
Other payables	115	115	115	206
Contract liabilities	461	884	9,582	11,916
Subtotal	29,518	14,020	11,052	15,883

Name of related parties	Nature of transactions	As at December 31, 2020	2021	2022	As at September 30, 2023
	(Note a)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Watertek	Trade	174	340	–	–
Baiwang Jinfu	Trade	25,285	8,979	–	–
Guomai Xin'an	Trade	608	2,373	1,022	3,415
Baiwang Jinshui	Trade	623	999	210	186
Boya Zhongke	Trade	1,732	729	298	33
Yizhangtong	Trade	801	–	–	–
Guangxi United	Trade	–	–	8,765	11,098
Others	Trade	180	485	642	945
Subtotal		29,403	13,905	10,937	15,677

Name of related parties	Nature of transactions	As at December 31, 2020	2021	2022	As at September 30, 2023
	(Note b)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Wisedoing	Non-trade	112	112	112	112
Others	Non-trade	3	3	3	94
Subtotal		115	115	115	206
Total		29,518	14,020	11,052	15,883

Notes:

a. Balances of trade nature are unsecured, interest-free and aged within one year.

b. Balances of non-trade nature are unsecured, interest-free and repayable on demand.

At the end of each reporting period, the Company have the following significant balances with related parties:

Amounts due from related parties

Nature of balances with related parties	As at December 31, 2020	2021	2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	38,071	40,484	45,311	43,904
Other receivables	95	148,961	51,613	72,063
Prepayments	1,660	116	585	457
Contract assets	193	265	425	5,046
Subtotal	40,019	189,826	97,934	121,470

Name of related parties	Nature of transactions	As at December 31, 2020	2021	2022	As at September 30, 2023
	(Note a)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Beijing Baiwang Enterprise Service Technology Co., Ltd. ("Baiwang Enterprise Service")	Trade	36,977	36,977	36,977	36,977
Guomai Xin'an	Trade	1,632	–	–	–
Baiwang Jinshui	Trade	1,184	1,922	866	706
Watertek	Trade	101	158	–	–
Chongqing Zhishui Yun Technology Co., Ltd.	Trade	–	1,485	3,788	3,788
Guangxi United	Trade	–	–	861	4,349
Baiwang Intelligent	Trade	–	–	585	461
Baiwangyun Technology (Beijing) Co., Ltd. ("Baiwangyun Technology")	Trade	–	–	3,114	3,114
Others	Trade	30	323	130	12
Subtotal		39,924	40,865	46,321	49,407

Name of related parties	Nature of transactions	As at December 31, 2020	2021	2022	As at September 30, 2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Beijing Baiwang Huiyan Data Technology Co., Ltd. ("Baiwang Huiyan")	Non-trade	–	129,018	20,023	16,798
Ms. Chen Jie *(Note b)*	Non-trade	–	15,731	–	–
Baiwang Maoyi (Suzhou) Software Co., Ltd.	Non-trade	–	4,164	4,342	4,475
Beijing Baiwang Jinkong Technology Co., Ltd. ("Baiwang Jinkong")	Non-trade	–	–	26,400	49,526
Baiwangyun Technology	Non-trade	–	–	788	–
Others *(Note c)*	Non-trade	95	48	60	1,264
Subtotal		95	148,961	51,613	72,063
Total		40,019	189,826	97,934	121,470

The maximum amount outstanding during the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023 in respect of the amounts due from Ms. Chen Jie and companies controlled by Ms. Chen Jie are nil, RMB15,731,000, RMB16,351,000 and nil, respectively.

Notes:

a. Balances of trade nature are unsecured and interest-free.

b. Balances of the non-trade nature are unsecured, interest-bearing and repayable on demand.

c. Balances with other related parties are unsecured, interest-free and repayable on demand.

Amounts due to related parties

Nature of balances with related parties	As at December 31, 2020	2021	2022	As at September 30, 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	28,942	13,021	1,355	4,603
Other payables	50,817	45,735	29,400	42,855
Contract liabilities	461	887	8,866	10,054
Subtotal	80,220	59,643	39,621	57,512

Name of related parties	Nature of transactions	As at December 31, 2020	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	(Note a)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Watertek	Trade	174	340	–	–
Baiwang Jinfu	Trade	25,285	8,979	–	–
Boya Zhongke	Trade	1,732	729	298	33
Guomai Xin'an	Trade	608	2,373	1,022	3,415
Yizhangtong	Trade	801	–	–	–
Baiwang Jinshui	Trade	623	999	210	186
Guangxi United	Trade	–	–	8,049	9,236
Others	Trade	180	488	642	1,787
Subtotal		29,403	13,908	10,221	14,657

Name of related parties	Nature of transactions	As at December 31, 2020	As at December 31, 2021	As at December 31, 2022	As at September 30, 2023
	(Note b)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Baiwang Enterprise Service	Non-trade	27,035	30,797	29,229	30,234
Baiwang Jinkong	Non-trade	20,000	13,500	–	–
Baiwangyun Technology	Non-trade	2,150	1,438	–	4,354
Baiwang Huiyan	Non-trade	1,632	–	–	–
Henan Baiwang Enterprise Service Digital Technology Co., Ltd.	Non-trade	–	–	–	3,615
Hangzhou Baiwangyun Technology Co., Ltd.	Non-trade	–	–	–	4,377
Others	Non-trade	–	–	171	275
Subtotal		50,817	45,735	29,400	42,855
Total		80,220	59,643	39,621	57,512

Notes:

a. Balances of trade nature are unsecured and interest-free.

b. Balances of non-trade nature are unsecured, interest-free and repayable on demand.

Key management personnel compensation

The remuneration of Directors and other members of key management personnel during the Track Record Period was as follows:

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries and bonuses	10,618	14,287	10,120	7,682	7,585
Share-based payments	8,343	89,369	1,747	1,366	113,595
Welfare, medical and other benefits	671	1,405	977	833	921
Total	19,632	105,061	12,844	9,881	122,101

The remuneration of key management personnel is determined by reference to the performance of individuals and market trends.

43. RETIREMENT BENEFIT PLANS

The employees of the Group in PRC are members of a state-managed retirement benefit plan operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authorities to the retirement benefit plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions under the plan. The retirement benefits cost charged to profit or loss for the years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2022 and 2023 amounted to RMB1,688,000, RMB23,120,000, RMB28,057,000, RMB20,600,000 (unaudited) and RMB27,588,000, respectively.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

During the Track Record Period and at the date of this report, the Company has direct and indirect interests in the following principal subsidiaries:

Name of subsidiaries/ consolidated affiliated entities	Place of incorporation/ registration/ operations	Paid up capital	Proportion of ownership interest attributable to the Company As at December 31, 2020	2021	2022	As at September 30, 2023	At the date of this report	Principal activities
		RMB'000	%	%	%	%	%	
Baiwang Jinkong	PRC	50,000	100	100	100	100	100	Investment holding and technology services
Baiwang Enterprise Service	PRC	3,000	100	100	100	100	100	Software maintenance
Baiwang Huiyan	PRC	50,000	100	100	100	100	100	Supply chain finance and financial technology cloud

Name of subsidiaries/ consolidated affiliated entities	Place of incorporation/ registration/ operations	Paid up capital	Proportion of ownership interest attributable to the Company As at December 31, 2020	2021	2022	As at September 30, 2023	At the date of this report	Principal activities
		RMB'000	*%*	*%*	*%*	*%*	*%*	
Baiwangyun Technology	PRC	400	100	100	100	100	100	Investment holding and technology services
Chongqing Zhishuiyun Technology Co., Ltd. (重慶智稅雲科技有限公司)	PRC	–	100	100	100	100	100	Software services
Yiwu Zhiling Financial Training Co., Ltd. (義烏智領財務培訓有限公司)	PRC	–	100	100	N/A	N/A	N/A	Financial training services
Tianjin Baifu Technology Center (Limited Partnership) (天津百福科技中心(有限合夥)) ("Tianjin Baifu") *(Note b)*	PRC	–	50	50	50	N/A	N/A	Investment holding
Baiwang Lutong New Infrastructure (Beijing) Technology Co., Ltd. (百望路通新基建(北京)技術有限公司) ("Lutong Xinjijian") *(Note c)*	PRC	–	50	50	N/A	N/A	N/A	Investment holding
Road Network (Beijing) Transportation Cloud Technology Co., Ltd. (路網(北京)交通雲科技有限公司) *(Note d)*	PRC	–	25	25	N/A	N/A	N/A	Software services
Baiwang Maoyi (Suzhou) Software Co., Ltd. (百望貿宜(蘇州)軟件有限公司) ("Baiwang Maoyi") *(Note e)*	PRC	–	N/A	85	85	85	85	Software services
Anhui Zhishuiyun Information Technology Co., Ltd. (安徽智稅雲信息科技有限公司)	PRC	–	N/A	N/A	N/A	100	100	Software services
Hangzhou Baiwangyun Technology Co., Ltd. (杭州百望雲科技有限公司)	PRC	–	N/A	N/A	N/A	100	100	Software services
Henan Baiwang Enterprise Service Digital Technology Co., Ltd. (河南百望企服數字科技有限公司)	PRC	3,000	N/A	N/A	N/A	100	100	Software services

Notes:

a) The English translation of the names is for reference only. The official names of these companies are in Chinese.

b) On October 27, 2020, Tianjin Baifu was established with a registered capital of RMB400,000 by Baiwang Jinkong and Lutong (Beijing) Infrastructure Construction Development Co., Ltd (路通(北京)基礎設施建設發展有限公司) ("Lutong Beijing"), and each hold 50% shares of its registered capital. Baiwang Jinkong as the general partner substantially controls Tianjin Baifu. Tianjin Baifu was deregistered on April 14, 2023.

c) On November 12, 2020, Lutong Xinjijian was established by Baiwang Jinkong, Lutong Beijing and Tianjin Baifu with each owns 40%, 40% and 20% shares of its registered capital. Lutong Xinjijian was deregistered on September 14, 2022.

d) On November 17, 2020, Road Network (Beijing) Transportation Cloud Technology Co., Ltd. (路網(北京)交通雲科技有限公司) ("Jiaotongyun") was established by Beijing Road Network Technology Co., Ltd. (北京路網科技有限公司) ("Beijing Luwang"), Academy of communications Sciences (Beijing) Transportation Technology Co., Ltd. (交科院(北京)交通技術有限公司) ("ACS") and Lutong Xinjijian with each owns 35%, 16% and 49% shares of its registered capital. Due to the concerted action agreement, Beijing Luwang and ACS shall act in concert with Lutong Xinjijian. Jiaotongyun became the subsidiary of the Company accordingly. Jiaotongyun was deregistered on August 25, 2022.

e) On June 4, 2021, the Group acquired 85% equity interest of Baiwang Maoyi at the consideration of RMB1 from a third party.

All companies comprising the Group have adopted December 31, as their financial year end date. No audited financial statements of the Group have been prepared for the years ended December 31, 2020, 2021 and 2022 since there are no statutory audit requirements in the jurisdictions.

45. SUBSEQUENT EVENTS

No significant event took place subsequent to September 30, 2023 and up to the date of this report.

46. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the subsidiaries have been prepared in respect of any period subsequent to September 30, 2023.

[**REDACTED**]

The information set out in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the three years ended December 31, 2022 and the nine months ended September 30, 2023 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the Company's Reporting Accountants, as set out in Appendix I to this document, and is included herein for information only. The [**REDACTED**] *financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set out in Appendix I to this document.*

A. [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following [**REDACTED**] statement of adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of the [**REDACTED**] on the audited consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2023 as if the [**REDACTED**] had taken place on that date.

The [**REDACTED**] statement of adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2023 or any future dates.

The following [**REDACTED**] statement of adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company is prepared based on the audited consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2023 as derived from the Accountants' Report, the text of which is set out in Appendix I to this document, and adjusted as described below:

	Audited consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2023	Estimated [REDACTED] from the [REDACTED]	[REDACTED] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2023	[REDACTED] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2023 per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an [**REDACTED**] of [**REDACTED**] per Share	[(1,284,809)]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Based on an [**REDACTED**] of [**REDACTED**] per Share	[(1,284,809)]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

1. The [**REDACTED**] statement of adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2023 is based on the consolidated net liabilities of the Group attributable to owners of the Company amounted to RMB[1,277,878,000], with adjustments for intangible assets of the Group as at September 30, 2023 of RMB[6,931,000] extracted from the Accountants' Report set forth in Appendix I to the document.

2. The estimated [**REDACTED**] from the [**REDACTED**] are based on [**REDACTED**] new Shares to be issued at the [**REDACTED**] of [**REDACTED**] and [**REDACTED**] per [**REDACTED**], being the low end and high end of the indicated [**REDACTED**] range respectively, after deduction of the estimated [**REDACTED**] and other related expenses incurred or expected to be incurred by the Group, other than those expenses which had been recognized in profit or loss prior to September 30, 2023. The calculation of such estimated [**REDACTED**] does not take into account (i) any Shares which may be allotted and issued upon the exercise of the [**REDACTED**] or (ii) any Shares which may be issued or repurchased by the Company pursuant to the general mandates.

   For the purpose of the estimated [**REDACTED**] from the [**REDACTED**], the amount denominated in HK$ has been converted into RMB at an exchange rate of HK$1 to RMB[0.9161], which was the exchange rate prevailing on [June 20,] 2023 with reference to the rate published by the People's Bank of China. No representation is made that HK$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or at any other rates or at all.

3. The number of shares used for the calculation of [**REDACTED**] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company per Share is based on [**REDACTED**] Shares outstanding immediately following completion of the [**REDACTED**]. It does not take into account (i) any Shares which may be allotted and issued upon the exercise of the [**REDACTED**]; (ii) any Shares which may be issued or repurchased by the Company pursuant to the general mandates or (iii) cessation of the preferential rights of Shares with Preferential Right.

4. The [**REDACTED**] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company per Share is converted from RMB to HK$ at the rate of HK$1 to RMB[0.9161], which was the exchange rate prevailing on [June 20,] 2023 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, would have been or may be converted to HK$, or vice versa, at that rate or at any other rates or at all.

5. No adjustment has been made to the [**REDACTED**] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2023 to reflect any operating result or other transactions of the Group entered into subsequent to September 30, 2023. In particular, the [**REDACTED**] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as shown on Page II-1 have not been adjusted to illustrate the effect of the following:

   Upon completion of the [**REDACTED**], the cessation of the preferential rights of Shares with Preferential Rights would have resulted in a reclassification of such financial liabilities at carrying amount of RMB2,057,386,000 as at September 30, 2023 (the "Shares Reclassification") assuming no further changes in fair values of Shares with Preferential Rights existing on September 30, 2023 upon [**REDACTED**], to ordinary shares under equity.

   The effect of Shares Reclassification would have increased the total number of Shares in issue assumption stated in Note 3 by [**REDACTED**] Shares to a total of [**REDACTED**] Shares and would have adjusted the [**REDACTED**] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2023 by [**REDACTED**] to [**REDACTED**] based on an [**REDACTED**] of [**REDACTED**] per [**REDACTED**] and [**REDACTED**] based on an [**REDACTED**] of [**REDACTED**] per [**REDACTED**]. Had the Shares Reclassification been taken into account, the [**REDACTED**] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as at September 30, 2023 per Share would be [**REDACTED**] (equivalent to [**REDACTED**]) based on an [**REDACTED**] of [**REDACTED**] per [**REDACTED**] and [**REDACTED**] (equivalent to [**REDACTED**]) based on an [**REDACTED**] of [**REDACTED**] per [**REDACTED**], respectively.

   For the purpose of [**REDACTED**] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company per Share, the amount denominated in RMB has been converted into HK$ at the rate of HK$1 to RMB[0.9161], which was the exchange rate prevailing on [June 20, 2023] with reference to the rate published by the People's Bank of China. No representation is made that the RMB denominated amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or any other rates or at all.

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

[**REDACTED**]

[**REDACTED**]

This appendix summarizes the principal provisions of the Company's Articles of Association approved on May 31, 2023, which shall take effect on the date of the H-Shares being [**REDACTED**] on the Stock Exchange. As the primary purpose of this appendix is to provide potential [**REDACTED**] with an overview of the Company's Articles of Association, it does not necessarily contain all of the information that is important to potential [**REDACTED**].

1 SHARES AND REGISTERED CAPITAL

Shares of the Company adopt the form of share certificates.

The issue of the shares of the Company shall be based on the principle of fairness and impartiality, and shall rank pari passu in all respects with the shares of the same class. Shares of the same class issued at the same time shall be issued under the same condition and at the same price; the same price shall be paid for each of the shares subscribed for by any entity or individual.

The Company shall have ordinary shares at all times. The Company may issue other classes of shares if necessary, upon approval by the examining and approving departments.

After completing the filing procedures with the securities regulatory authorities of the State Council and the consent of The Stock Exchange of Hong Kong Limited (the "SEHK"), the Company may issue shares to qualified domestic [**REDACTED**] and overseas [**REDACTED**]. Upon the approval of the plan for issuing overseas [**REDACTED**] foreign shares and [**REDACTED**] shares by the securities regulatory authority of the State Council, the Board of Directors of the Company (the "Board") may arrange for the implementation of such plan by means of separate issues. The Company's plan for separate issues of overseas [**REDACTED**] foreign shares and domestic [**REDACTED**] shares in accordance with the preceding paragraph may be implemented separately within 15 months from the date of filing with the securities regulatory authority of the State Council. If the Company issues overseas [**REDACTED**] foreign shares and [**REDACTED**] shares separately within the total amount of shares specified in the issue plan, such issues shall be fully [**REDACTED**] for at their respective prices; if the shares cannot be fully [**REDACTED**] for once due to special circumstances, the shares may, subject to the approval of the securities regulatory authority of the State Council, be issued in several stages.

2 INCREASE AND DECREASE OF CAPITAL AND REPURCHASE OF SHARES

In accordance with the laws and regulations, the Company may, based on its operating and development needs and the resolution of the general meeting, increase its capital by the following methods:

(I) by [**REDACTED**] of shares;

(II) by [**REDACTED**] of shares;

(III) by placing or allotting new shares to existing shareholders;

(IV) by capitalizing its capital reserve;

(V) by any other methods which is permitted by the laws and administrative regulations.

The Company's increase in capital by issuing new shares shall be handled in accordance with the procedures provided for in the relevant laws, administrative regulations and Hong Kong Listing Rules after having been approved in accordance with the Articles of Association.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the Company Law, Hong Kong Listing Rules and other relevant provisions and the procedures stipulated in the Articles of Association. In case of decrease of registered capital of the Company, a balance sheet and assets list shall be formulated. The Company shall notify its creditors within 10 days from the date of passing of the resolution for the decrease of registered capital and shall publish a notice in a newspaper within 30 days thereof. The creditors shall, within 30 days since the date of receiving the notice or within 45 days since the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee for repayment.

Under the following circumstances, the Company may repurchase its shares in accordance with the provisions of the relevant laws, administrative regulations, departmental rules, Hong Kong Listing Rules and Articles of Association:

(I) to reduce the registered capital of the Company;

(II) to merge with other companies that hold the shares of the Company;

(III) to use the shares for Employee Stock Ownership Plan or as equity incentive;

(IV) the shareholders disagreeing with the merger or separation resolution made by the general meeting ask the Company to acquire their shares;

(V) to use the shares in the conversion of the convertible corporate bonds issued by the Company;

(VI) necessary to protect the company value and the shareholders' equity;

(VII) any other circumstances required by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are [**REDACTED**], etc.

Except for the above situations, the Company shall not engage in the activity of [**REDACTED**] its shares.

The Company may proceed to buy back its shares in one of the following manners:

(I) by issuing repurchase offer to all the shareholders based on the same proportion;

(II) through [**REDACTED**] on stock exchange;

(III) through agreement outside the stock exchange;

(IV) other methods permitted by the laws, administrative statutes and regulatory authorities.

The repurchase of shares of the Company through agreement outside the stock exchange shall be approved in advance by the general meeting in accordance with the provisions of the Articles of Association. With prior approval by shareholders at general meeting obtained in the same manner, the Company may rescind or amend contracts concluded in the manner set forth above or waive any of its rights under such contracts. The contract to repurchase shares referred to above includes but not limited to such agreement for the commitment to fulfill the obligations of share repurchase and acquisition of the rights to repurchase shares. The Company shall not assign a contract for the repurchase of its own shares or any of its rights thereunder. Where the Company has the right to purchase redeemable share, the purchase price shall be limited to a maximum price if the purchases are not made through the market or by tender; if purchases are by tender, tenders shall be made available to all shareholders on the same terms.

3 SHARE TRANSFER

Unless otherwise specified in the laws, administrative regulations and by the securities regulatory authorities in the place where the shares of the Company, the paid up shares of the Company can be freely transferred in accordance with the laws and are not subject to any lien. The shares of the Company may be donated, inherited and pledged in accordance with the relevant laws, administrative regulations and the Articles of Association. The transfer of shares shall be registered with the local stock registration institution entrusted by the Company.

4 FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY SHARES

The Company or its subsidiaries (including affiliates of the Company) shall not at any time by way of gift, advance, guarantee, compensation or loans to provide any financial assistance to purchasers or potential purchasers of the Company's shares in any way. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares. The Company or its subsidiaries (including affiliates of the Company) shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The acts listed below are not prohibited by Article 34 of the Articles of Association, subject to any prohibitions by the relevant laws, administrative regulations, departmental rules and normative documents:

(I) the provision of financial assistance by the Company in good faith for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of a master plan of the Company;

(II) the lawful distribution of the Company's assets as dividends;

(III) the distribution of dividends in the form of shares;

(IV) a decrease of registered capital, a repurchase of shares, capital restructuring, etc. in accordance with the Articles of Association;

(V) the provision of loans by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance was paid out of the Company's distributable profits);

(VI) contributions made by the Company to the ESOP (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance was paid out of the Company's distributable profits).

5 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

The share certificates of the Company shall be in registered form. The share certificates of the Company shall contain the particulars as required by the Company Law, and any other items as required by any stock exchange on which the shares of the Company are [**REDACTED**].

The Company shall keep a register of members containing the following particulars or register shareholders pursuant to the provisions of the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

(I) the name (title), address (domicile), occupation or nature of each shareholder;

(II) the class and number of shares held by each shareholder;

(III) the amount paid or payable on the shares held by each shareholder;

(IV) the serial numbers of the shares held by each shareholder;

(V) the date on which each shareholder was registered as a shareholder; and

(VI) the date on which each shareholder ceased to be a shareholder.

The register of shareholders shall be sufficient evidence of the shareholders' shareholding in Company, unless there is evidence to the contrary.

Transfer of shares shall be recorded in the register of members. The Company may, in accordance with the understanding and agreement reached between the securities regulatory agency under the State Council and the overseas securities regulatory agency, keep the register of shareholders of overseas [**REDACTED**] foreign shares outside China and appoint overseas agencies to maintain such register. The original register of shareholders of overseas [**REDACTED**] foreign shares [**REDACTED**] in Hong Kong shall be maintained at Hong Kong and must be accessible to shareholders.

Copies of the register of shareholders for overseas [**REDACTED**] foreign shares shall be kept at the Company's legal address. Appointed overseas agencies shall from time to time maintain the consistency of the original register of shareholders for overseas [**REDACTED**] foreign shares and the copies thereof. In case of any inconsistency between the original and copies of the register of shareholders of overseas [**REDACTED**] foreign shares, the original shall prevail.

6 SHAREHOLDERS

The shareholders of the Company are those who lawfully hold the shares of the Company and have their names registered in the register of shareholders. The shareholders shall enjoy the rights and assume the obligations according to the class and amount of the shares they hold; the shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of ordinary shares of the Company shall enjoy the following rights:

(I) to receive dividend and other forms of distribution of interest in proportion to their respective shareholdings;

(II) to legally request, convene, preside over, attend or dispatch shareholder's agent to attend the general meeting and exercise the corresponding speaking and voting rights;

(III) to supervise the business operations of the Company and to make suggestions or inquiries;

(IV) to transfer, bestow or pledge the shares they hold according to the laws, administrative regulations and the Articles of Association;

(V) to access relevant information according to the provisions of the Articles of Association, including:

1. a set of the Articles of Association upon payment of a fee covering the cost;

2. the rights to inspect and obtain photocopies of the following information upon payment of a reasonable charge:

    (1) all parts of the register of members (the list of all shareholders at the close of [**REDACTED**] on the record date of the Company's latest periodic report);

    (2) personal particulars of the directors, supervisors, general manager and other senior management of the Company, including:

        (a) current and previous names and aliases;

        (b) main address (domicile);

        (c) nationality;

        (d) full-time and all other part-time jobs and titles;

        (e) identity documents and numbers.

    (3) status of the share capital of the Company;

    (4) reports showing the aggregate par value, number of shares, and maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the last fiscal year, as well as all the expenses paid by the Company therefore;

    (5) meeting minutes of general meetings (only available for shareholders' inspection) and copies of the Company's resolutions of general meetings, Board meetings and meeting of Board of Supervisors;

    (6) the latest audited financial statements and accounting reports of the Board, auditors and Board of Supervisors;

    (7) copies of the annual return for the latest period that has been filed with China's Administration for Market Regulation or other authorities;

    (8) special resolutions of the Company.

3. bond record of the Company.

A shareholder requesting for inspection of information or access to aforesaid materials shall provide the Company with written documents evidencing the class and number of shares of the Company that such shareholder holds. The Company shall provide such information and materials as requested by the shareholder after confirming the identity of the shareholder;

(VI) to participate in the distribution of remaining assets of the Company in proportion to the number of shares held in the event of the termination or liquidation of the Company;

(VII) to request the Company to buy back his/her shares if a shareholder opposes the merger or division of the Company at the general meeting;

(VIII) for shareholders individually or jointly holding more than 3% of the shares of the Company, to raise temporary proposal and submit it to the convener in writing 10 days before the general meeting is held;

(IX) other rights conferred by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

The shareholders are entitled to request the people's court to invalidate the resolution of the general meeting and board meeting which violates the laws and administrative regulations.

The shareholders are entitled to request the people's court to cancel the relevant resolution within 60 days after the resolution is adopted if the convening procedure and voting method of the general meeting or board meeting violates the laws, administrative regulations or the Articles of Association, or the resolution content breaches the Articles of Association.

If a director and senior management personnel causes losses to the Company for violation of the requirements of the laws, administrative regulations or the Articles of Association during the performance of his/her duties, shareholders who hold more than 1%, individually or jointly, of the Company's shares for more than 180 days continuously, have the right to request the Board of Supervisors to bring a suit to the people's court; if the Board of Supervisors causes losses to the Company for violation of the requirements of the laws, administrative regulations or the Articles of Association during the performance of its duties, the aforesaid shareholders can request the Board in written form to file a suit in the people's court.

Upon receipt of the written request by the shareholders as stipulated in the preceding paragraph, in case the Board of Supervisors and/or the Board refuses to file a litigation or fails to file a litigation within 30 days from receipt of such request, or under urgent circumstances that failure in filing a litigation immediately, the Company will suffer from irreparable damages, the aforesaid shareholders shall have the right to file a litigation with a people's court directly in their own name for protection of the Company's interests.

In the event that any person infringes the legal interests of the Company causing losses to the Company, the shareholders specified in the first paragraph may file a litigation with a people's court in accordance with the provisions of the preceding two paragraphs.

In the event of violation of the laws, administrative regulations or the provisions under the Articles of Association by director or senior management personnel in performing his/her duties resulting damage to the shareholders' interest, the shareholders may file a litigation with a people's court.

Shareholders of ordinary shares of the Company shall assume the following obligations:

(I) to abide by the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association;

(II) to pay subscription moneys for the shares subscribed in accordance with the agreed manner of payment;

(III) not to withdraw from the Company except for the circumstances set out in the relevant laws, regulations and the Articles of Association;

(IV) not to abuse shareholder's rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company;

If any shareholder of the Company abuses the shareholder's rights and causes loss to the Company or other shareholders, he/she shall be liable for the compensation;

If any shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and severely damage the interests of the creditors of the Company, he/she shall bear joint liability for the debts of the Company;

(V) to assume other obligations required by the laws, administrative regulations, regulation rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

Shareholders shall not be liable for making any additional contribution to the share capital other than according to the terms agreed by the subscriber of the shares at the time of subscription.

7 GENERAL PROVISIONS OF GENERAL MEETINGS

The General Meeting of Shareholders acts as the organ of authority of the Company which, according to the laws, exercises the following authorities:

(I) to decide the management policies and investment plans of the Company;

(II) to elect and replace directors and supervisors who are not staff representatives, and to decide on matters relating to their remuneration;

(III) to review and approve the reports of the Board;

(IV) to review and approve the reports of the Board of Supervisors;

(V) to review and approve the annual financial budget plans and accounting plans of the Company;

(VI) to review and approve the profit distribution plan and loss recovery plan of the Company;

(VII) to make resolutions on the increase or reduction of the Company's registered capital;

(VIII) to make resolutions on the issuance of corporate bonds or other securities and public [**REDACTED**] plans;

(IX) to make resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;

(X) to amend the Articles of Association;

(XI) to make resolutions on the appointment or dismissal or non-renewal of engagement of accounting firms by the Company;

(XII) to examine and approve the external guarantees of the Company that require the approval by the general meetings;

(XIII) to consider the Company's purchase or disposal of major assets within one year of an aggregate value exceeding 30% of the latest audited total assets of the Company;

(XIV) to examine material transactions and connected transaction which should be submitted to the general meeting for examination in accordance with the relevant laws, administrative regulations, regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association;

(XV) to review and approve stock incentive plan;

(XVI) to consider proposals raised by shareholder(s), individually or collectively representing over 3% of the Company's voting shares;

(XVII) to review and approve the change of [**REDACTED**];

(XVIII) to consider other matters that should be decided by the general meeting according to the laws, administrative regulations, departmental rules, Hong Kong Listing Rules or the Articles of Association.

Under the condition of not breaching any laws and regulations and mandatory provisions of the laws and regulations of the [**REDACTED**] place, the general meeting may authorize or entrust the Board to handle the matters as authorized or entrusted.

The general meetings shall be divided into the annual general meetings and the extraordinary general meetings. The general meeting shall be convened by the Board. The annual general meeting shall be convened once a year, and shall be held within six months after the prior accounting year ends.

The Company shall convene an extraordinary general meeting within two months under any of the following circumstances:

(I) when the number of directors is less than the number specified in the Company Law or two-thirds of the number required by the Articles of Association;

(II) when the uncovered loss of the Company reaches one-third of the total paid-in share capital of the Company;

(III) at the request of shareholders who individually or collectively hold more than 10% of the Company's issued voting shares;

(IV) when the Board considers it necessary;

(V) when the Board of Supervisors proposes such a meeting be held;

(VI) as proposed by more than two independent non-executive directors;

(VII) any other circumstances required by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

The number of shares held under the item (III) above shall be calculated from the date of such shareholder's written request.

8 CONVENING OF THE GENERAL MEETING

The general meeting shall be convened by the Board, the chairman of which shall also act as the chairman of the meeting; when the Chairman of the Board is unable or fails to perform his duties, the Board can designate a director of the Company to convene the meeting on his/her behalf and act as the chairman of the meeting; when the chairman of the meeting is not designated, the shareholders present at the meeting can elect one person to serve as the chairman; if the shareholders are unable to elect the chairman of the meeting for any reason, the shareholder present who holds the greatest number of voting shares (including his/her proxy) shall serve as the chairman of meeting

If the Board is unable to perform or does not perform the duty of convening a general meeting, the Board of Supervisors of the Company shall convene and preside over the meeting; if the Board of Supervisors does not convene and preside over the meeting, shareholders who individually or collectively hold at least ten percent or more of the shares of the Company for more than ninety consecutive days may convene and preside over the meeting themselves.

9 PROPOSALS AND NOTICES OF THE GENERAL MEETING

Where the Company convenes a general meeting, the Board, Board of Supervisors, and shareholder(s) individually or jointly holding more than 3% shares of the Company may make proposals to the Company.

The shareholders individually or jointly holding more than 3% of the shares of the Company may raise temporary proposal and submit it to the convener in writing 10 days before the general meeting is held. The convener shall, within 2 days after the receipt of the proposal, issue a supplementary notice to inform the general meeting of the contents of the temporary proposal.

In order to hold a general meeting, notices in writing shall be given 21 days prior to the date of the meeting in case of an annual general meeting and 15 days prior to the date of the meeting in case of an extraordinary general meeting.

10 VOTING AND RESOLUTIONS OF THE GENERAL MEETING

The resolutions of a general meeting are classified into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

(I) work reports of the Board and the Board of Supervisors;

(II) profit distribution proposals and proposals for making up losses formulated by the Board;

(III) appointment, dismissal and remuneration of the members of the Board and the Board of Supervisors and the method of payment of the remuneration;

(IV) annual financial budgets, final accounts, balance sheet, income statement and other financial statements of the Company;

(V) annual report of the Company;

(VI) other matters required by the laws, administrative regulations, regulation rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association to be passed by special resolutions.

The following matters shall be resolved by way of special resolution of the general meeting:

(I) increase or reduction of the Company's registered capital, issuance of any class of shares, options and other similar types of securities;

(II) issuance of corporate bonds;

(III) division, merger, dissolution and liquidation or change of organizational form of the Company;

(IV) amendment to the Articles of Association;

(V) purchase and disposal of material assets by the Company within one year, or a guarantee amount exceeding 30% of the audited total assets in the most recent period of the Company;

(VI) other matters required by the laws, administrative regulations, regulation rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and shall be adopted by way of a special resolution.

Shareholders (including proxies) shall exercise their voting rights by the number of voting shares they represent at the general meeting, and each share shall have one vote, unless individual shareholders are required by the Hong Kong Listing Rules to waive their voting rights on individual matters. Shareholders (including proxies) who have two or more votes are not required to vote for or against all voting rights. The Company shares held by the Company have no voting right, and those shares are not included in the total number of voting shares present at the general meeting and shall not be deposited in [**REDACTED**]. Any shareholder who is required under the Hong Kong Listing Rules to waive his/her voting rights on a resolution or is restricted from voting only for or against a resolution shall not be counted as a vote made by that shareholder or his/her representative in contravention of such requirement or restriction.

11 DIRECTORS

Directors are elected by the general meeting with a term of office of three years. Upon expiration of the term, the directors may be re-elected and serve consecutive terms.

The director shall comply with the laws, administrative regulations, the regulatory rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association, and shall have the following duties of fidelity to the Company:

(I) shall not abuse their duties and rights to receive bribes or other illegal income and shall not misappropriate the property of the Company;

(II) shall not misappropriate the Company funds;

(III) shall not deposit Company funds in a bank account opened in his/her name or in the name of others;

(IV) shall not use of Company funds to make loans to others or provide guarantee for others without the consent of the general meeting of shareholders or the board of directors and in violation of the provisions of the Articles of Association of the Company;

(V) shall not enter into contracts or transactions with the Company in violation of the provisions of the Articles of Association or without the consent of the general meeting of shareholders;

(VI) shall not abuse his/her duties and powers to seize commercial opportunities of the Company for himself/herself or others or engage in similar business of the same kind with that of the Company for himself/herself or for others without the consent of the general meeting of shareholders;

(VII) shall not accept commissions from transactions with the Company for his or her own benefit;

(VIII) shall not disclose the secrets of the Company arbitrarily;

(IX) shall not use his affiliation to harm the interests of the Company;

(X) Other duties of fidelity stipulated by laws, administrative regulations, departmental rules and regulations, regulatory rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association.

Any income derived by a director in violation of the provisions of this Article shall belong to the Company; if it causes losses to the Company, he/she shall be liable for compensation.

If a director fails to attend the board meeting in person (a director who participates in a board meeting or vote by means of communication is considered to be present in person) or entrust any other director to attend the meeting on his/her behalf for two consecutive times, it shall be deemed that he/she cannot perform his/her duties, and the Board shall recommend the general meeting to remove such director.

A director may resign before the end of his tenure. The director shall submit a written resignation report to the board of director.

12 INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has independent directors (equivalent to independent non-executive directors under the Hong Kong Listing Rules) and the issues including conditions of appointment, nomination and election procedures, tenure of office, resignation and powers of the independent directors are implemented in accordance with the relevant provisions of the laws, administrative regulations, departmental rules and regulation rules of the place where the shares of the Company are [**REDACTED**].

Independent directors shall faithfully perform their duties and safeguard the interests of the Company, with particular attention to ensuring that the legitimate rights and interests of public shareholders are not jeopardized, so as to ensure that the interests of all shareholders are adequately represented. The functions and powers of the independent non-executive directors and the related matters shall be subject to the relevant provisions of the laws, administrative regulations, departmental rules and the regulation rules of the place where the Company's shares are [**REDACTED**].

13 THE BOARD

The Board is composed of 10 directors, including one chairman. At all times, the Board should have at more than one-third independent directors, and the total number of independent directors should not be less than three, at least one of whom should have appropriate professional qualifications in line with regulatory requirements, or appropriate accounting or related financial management expertise.

The Board shall be accountable to the general meeting and exercise the following powers:

(I) to convene a shareholders' general meeting and report to the meeting on the work of the Board;

(II) to implement the resolutions of the general meeting;

(III) to decide on the business plan and investment scheme of the Company;

(IV) to formulate the annual financial budgetary plans and final accounting plans of the Company;

(V) to formulate the profit distribution plan and loss recovery plan of the Company;

(VI) to formulate plans of increasing or decreasing the Company's registered capital, issuing corporate bonds or other securities and going public;

(VII) to formulate plans for substantial acquisition, repurchase of shares, or merger, division, dissolution and change of corporate form of the Company;

(VIII) to examine and approve the guarantees of the Company that require the approval by the general meetings;

(IX) to examine and approve the transactions under Article 129 of the Articles of Association;

(X) to examine and approve the matters required to be passed by the Board as stipulated in the Management Measures on Connected Transactions;

(XI) to determine the setup of the Company's internal management structure;

(XII) to appoint or dismiss the general manager and secretary to the Board of the Company; to appoint or dismiss senior management personnel such as financial officer according to the nomination of the general manager, and to decide on matters of remuneration, rewards and punishments;

(XIII) to formulate the basic management system of the Company;

(XIV) to formulate the proposals for any amendment to the Articles of Association;

(XV) to request the general meeting to engage or replace the accounting firm that provides audit for the Company;

(XVI) to debrief the work report of the general manager of the Company and check the works of the general manager;

(XVII) to manage the information disclosure of the Company;

(XVIII) any other functions and powers granted by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association.

For matters resolved by the Board in the preceding paragraph, except for items (VI), (VII), (VIII) and (XIV) which must be approved by a vote of at least two-thirds of the directors, the remaining items may be approved by a vote of more than half of the directors.

For the disposal of fixed assets by the Board, in the event that the aggregate amount of the expected value of the proposed disposal of fixed assets and the value of the disposed fixed assets during the four months prior to this proposed disposal exceeds 33% of the value of fixed assets shown in the latest balance sheet as considered at the general meeting, the Board shall not dispose or agree to dispose of such fixed asset without obtaining approval at the general meeting.

The chairman of the Board shall exercise the following powers:

(I) to preside over general meetings and convening and presiding over Board meetings;

(II) to procure and examining the implementation of resolutions of the Board;

(III) to sign share certificates, corporate bonds and other securities issued by the Company;

(IV) to sign important documents of the Board;

(V) to exercise the special disposal power on the Company affairs in line with the interests of the Company in accordance with the provisions of the laws and regulations in case of an emergency of force majeure such as a major natural disaster, and reporting to the Board or the general meeting of the Company afterwards; and

(VI) to exercise other powers as set forth by the Board or in the laws, administrative regulations and regulatory rules of the place where the Company's shares are [**REDACTED**].

Board meetings are composed of regular meetings and extraordinary meetings. The Board shall hold at least four meetings each year, approximately once a quarter, which shall be convened by the Chairman and notified to all the directors and supervisors 14 days prior to the meeting in writing. Regular Board meetings do not include obtaining Board approval by circulating written resolutions. Written notice shall be given to all directors and supervisors five days prior to the convening of an extraordinary Board meeting. In case of emergency and it is necessary to convene an extraordinary Board meeting as soon as possible, the convening of the meeting shall not be subject to the time limit as set out above.

A Board meeting shall not be held unless more than half of the directors are present. A resolution made by the Board must be approved by more than half of all the directors. When the Board considers the external guarantee provided by the Company, consent by more than two-thirds of directors is required. Each director shall have one vote for the resolutions of the Board. In the event of a tie between for and against, the Board chairman is entitled to one additional vote.

The directors shall attend the Board meeting in person. If a director is unable to attend the meeting for some reason, he/she may entrust another director in writing to attend the meeting on his/her behalf. The power of attorney shall specify the name, matters entrusted to, scope of authorization and term of validity of the proxy, and shall be signed or sealed by the principal. The director who attend the meeting on behalf of another director shall exercise the rights of the directors within the scope of authorization. If a director fails to attend a Board meeting or to appoint a proxy, he/she shall be deemed to have waived his/her right to vote at that meeting.

14 SPECIAL COMMITTEES OF THE BOARD

The Board of the Company sets up special committees, such as the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategy Committee. The special committees shall be accountable to the Board and shall perform their duties in accordance with the Articles of Association and the authorization of the Board. Their proposals shall be submitted to the Board for deliberation and decision.

15 GENERAL MANAGER AND OTHER SENIOR OFFICERS

The Company has one general manager and one board secretary. The general manager, the deputy general manager, the board secretary, and the finance officer are senior officers of the Company and shall be appointed or dismissed by the Board.

The general manager of the Company shall be liable to the Board and exercise the following powers:

(I) to manage the production and operation management of the Company, organizing execution of the Board's resolutions, and reporting the relevant work to the Board;

(II) to organize the implementation of the annual business plan and investment scheme of the Company;

(III) to prepare proposal for the internal management organization setting scheme of the Company;

(IV) to prepare proposal for the basic management system of the Company;

(V) to develop the specific rules of the Company;

(VI) to propose the appointment or termination of the deputy general manager or financial officer of the Company to the Board;

(VII) to decide to appoint or remove the officers other than those subject to the decision of the Board;

(VIII) to deal with transactions that are not stipulated in the Articles of Association and whose approving standards need to be deliberated by the general meeting or the Board; and

(IX) other powers granted by the Articles of Association or the Board.

The general manager may attend the Board meetings. The general manager who is not a director has no right to vote at the Board meetings.

16 BOARD OF SUPERVISORS

The Company shall have a Board of Supervisors, which shall consist of three supervisors, including one chairman. The appointment or dismissal of the chairman of the Board of Supervisors shall be determined by two-thirds or more of the members of the Board of Supervisors. The chairman of the Board of Supervisors shall convene and preside over the meeting of the Board of Supervisors. When the chairman of the Board of Supervisors is unable or fails to perform his or her duty, a supervisor jointly recommended by more than half of the supervisors shall convene and preside over the meeting of the Board of Supervisors.

The directors, general manager and other senior officers of the Company shall not serve concurrently as supervisors.

Meetings of the Board of Supervisors are composed of regular meetings and extraordinary meetings. The Board of Supervisors shall hold at least one regular meeting every six months and at least two meetings every year. The chairman of the Board of Supervisors shall be responsible for convening meetings of the Board of Supervisors. The supervisors may propose to convene an extraordinary meeting of the Board of Supervisors.

The Board of Supervisors shall be accountable to the general meeting and exercise the following powers:

(I) to examine the Company's financial affairs;

(II) to supervise the acts of the directors and senior officers, and proposing dismissal of directors and senior officers who violate the laws, administrative regulations, the Articles of Association, or resolutions of general meetings;

(III) when the actions of any directors or senior officers are found to damage the interests of the Company, to urge them to make correction;

(IV) to propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with Company Law and the Articles of Association, convening and presiding over the general meetings;

(V) to submit proposals to the general meetings;

(VI) to liaise with directors or prosecute directors on behalf of the Company;

(VII) to conduct investigation if there is any unusual circumstances in the Company's operations; and if necessary, engaging an accounting firm, law firm, or other professional institutions to assist in their work with expenses to be borne by the Company;

(VIII) to verify financial information such as financial reports, business reports, profit distribution plans, etc. that the Board intends to submit to the general meeting and, if in doubt, appointing a registered accountant or practicing auditor in the name of the Company to assist in reviewing such information; and

(IX) to exercise other powers prescribed in the Articles of Association of the Company.

17 QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS AND SENIOR OFFICERS OF THE COMPANY

None of the following persons may serve as a director, supervisor, general manager or other senior officer of the Company:

(I) persons without capacity or with limited capacity for civil acts;

(II) persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the social and economic order, where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime, where five years have not lapsed following the serving of the sentence;

(III) persons who acted as directors, or factory managers or managers of companies or enterprises which were bankrupt or liquidated due to poor performance and management and who should bear personal liability for the bankruptcy or liquidation of such companies or enterprises, where three years have not lapsed following the date of completion of such bankruptcy or liquidation;

(IV) the legal representatives of companies or enterprises that had their business licenses revoked as a result of violating the law, and where such representatives bear personal liability therefore and three years have not lapsed following the date of revocation of such business licenses;

(V) persons with relatively heavy individual debts that have not been settled upon maturity;

(VI) persons against whom a case has been established for investigation by the judicial authorities as a result of suspected violation of the criminal law, and such case has not been closed;

(VII) persons who may not act as leaders of enterprises by virtue of the laws and administrative regulations;

(VIII) non-natural persons;

(IX) persons ruled by a relevant organization in charge to have violated securities-related regulations, where such violation involved fraudulent or dishonest acts and five years have not lapsed following the date of the ruling; and

(X) circumstances specified in the laws, administrative regulations, the listing rules of the place where the Company's shares are [**REDACTED**], and the relevant laws and regulations of the place where the Company's shares are [**REDACTED**].

Any election, designation or appointment of directors, supervisors, general manager or other senior officers in violation of this provision shall be invalid. The Company shall dismiss the director, supervisor, general manager or other senior officers if they are involved in the said circumstances during their respective term of office.

The validity of an act of a director, general manager or other senior officer of the Company on behalf of the Company towards a bona fide third party shall not be affected by any irregularity in his current position, election or qualifications.

In addition to obligations imposed by the laws, administrative regulations or listing rules of the place where the Company's shares are [**REDACTED**], the Company's directors, supervisors, general manager and other senior officers shall owe the following obligations to each shareholder in the exercise of the functions and powers granted to them by the Company:

(I) not to cause the Company to act beyond the scope of business as stipulated in its business license;

(II) to act in good faith in the best interests of the Company;

(III) not to deprive the property of the Company in any form, including (but not limited to) any opportunity favorable to the Company; and

(IV) not to deprive the individual rights and interests of the shareholders, including (but not limited to) any distribution rights and voting rights, but excluding any plan of reorganization of the Company submitted to the general meeting for approval in accordance with the Articles of Association.

The Company's directors, supervisors, general manager and other senior officers shall, in the exercise of their duties, abide by the principles of honesty and creditability and shall not place themselves in a position where there is a possible conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfillment of the following obligations:

(I) to act in good faith in the best interests of the Company;

(II) to exercise powers within the scope of their functions and powers and not to act beyond such powers;

(III) to personally exercise the discretion vested in him/her, not to allow himself/herself to be manipulated by another person and, not to delegate the exercise of his/her discretion to another party unless permitted by the laws and administrative regulations or with the consent of the general meeting that has been informed;

(IV) to treat shareholders of the same class equally and to be impartial to shareholders of different classes;

(V) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association or with the consent of the general meeting that has been informed;

(VI) not to use Company property for his/her own benefit in any way without the consent of the general meeting that has been informed;

(VII) not to use his/her functions and powers as a means for accepting bribes or other forms of illegal income, and not to illegally appropriate Company assets in any way, including (but not limited to) any opportunities that are favorable to the Company;

(VIII) not to accept commissions in connection with Company transactions without the consent of the general meeting that has been informed;

(IX) to abide by the Articles of Association, perform his/her duties faithfully, protect the interests of the Company and not to seek personal gain with his/her position, functions and powers in the Company;

(X) not to compete with the Company in any way without the consent of the general meeting that has been informed;

(XI) not to embezzle the Company's funds or lend the Company's funds to others, not to deposit the Company's assets in accounts opened in his own or in another's name, and unless otherwise specified by the laws, regulations and the Articles of Association, not to use the Company's assets as security for the debts of the Company's shareholders or other persons; and

(XII) not to disclose confidential information relating to the Company that was acquired by him/her during his/her office without the consent of the general meeting that has been informed, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other government authorities if:

1. required by law;

2. required for the public interest; or

3. required for the interest of such director, supervisor or other senior officer of the Company.

The obligation of honesty and credibility of the Company's directors, supervisors, general manager and other senior officers does not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the Company's trade secrets shall continue after the termination of their office. The term for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company is terminated.

If a director, supervisor, general manager or other senior officer of the Company has directly or indirectly been vested a material interest in a contract, transaction or arrangement concluded or planned by the Company (except for his/her employment contract with the Company), he/she shall disclose the nature and extent of his/her interest to the Board at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board.

Except as approved by the Stock Exchange, the director shall not vote on any contract or arrangement or any other proposed resolution of the Board in which he/she has a material interest through himself/herself or any of his/her close associates (as defined in the Listing Rules); nor shall he/she be counted when determining whether a quorum is present at the meeting, unless otherwise stipulated by the laws, administrative regulations, normative documents, and securities regulatory authority at the place where the Company's shares are [**REDACTED**].

Unless the interested director, supervisor, general manager or other senior officer of the Company has disclosed such interest to the Board as required under the preceding paragraphs of this Article and the matter has been approved by the Board at a meeting in which he/she was not counted in the quorum and had refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, except where the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor, general manager or other senior officer concerned.

A director, supervisor, general manager and other senior officer of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a connected person of that director, supervisor, president and senior officer has an interest.

18 FINANCIAL AND ACCOUNTING SYSTEMS AND DISTRIBUTION OF PROFITS

The Company shall formulate its own financial and accounting systems in accordance with the laws, administrative regulations and rules of the relevant authorities of the state. If the securities regulatory authorities at the place where the Company's shares are [**REDACTED**] stipulate otherwise, the relevant provisions shall prevail.

The company shall file, disclose and/or submit annual reports, interim reports, preliminary results announcements and other documents to shareholders in accordance with the laws and regulations of the place of [**REDACTED**], the [**REDACTED**] rules and other regulatory documents of the stock exchange where the company's shares are [**REDACTED**].

The reserve fund of the Company shall be used to cover the Company's losses, expand its production and operation or to increase its registered capital. However, the capital reserve fund shall not be used to cover the loss of the Company. The capital reserve fund consists of the following:

(I) the premium from the issuance of shares in excess of their face value; and

(II) other income to be included in the capital reserve fund as stipulated by the competent financial department of the State Council.

When the statutory reserve fund is converted into registered capital, the remaining statutory reserve fund shall be no less than 25% of the registered capital of the Company before the capital increase.

19 EMPLOYMENT OF ACCOUNTING FIRMS

The Company shall employ an independent accounting firm that complies with relevant state regulations to perform audit of the annual financial reports and other financial reports of the Company.

Employing an accounting firm for the Company shall be decided by the general meeting. The Board shall not appoint an accounting firm before a general meeting is held. The term of office of an accounting firm employed by the Company shall be from the end of the current annual general meeting of the Company until the end of the next annual general meeting.

An accounting firm employed by the Company shall have the following rights:

(I) the right of access at all times to the account books, records or vouchers of the Company and the right to require the directors, general manager and other senior officers of the Company to provide relevant information and explanations;

(II) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and

(III) the right to attend general meetings and to receive a notice or other information concerning any meeting which any shareholder has a right to receive, and to make speech at any general meeting on any matter which relates to it as the accounting firm of the Company.

If the position of accounting firm becomes vacant, the Board may appoint an accounting firm to fill such vacancy before a general meeting is held, provided that such appointment shall be confirmed at the next general meeting. However, if there are other accounting firms holding the position as an accounting firm of the Company while such vacancy still exists, such accounting firms may continue to act.

20 NOTICE AND ANNOUNCEMENT

The Company's notices (including but not limited to the notice of the general meetings, the Board meetings and the meetings of the Board of Supervisors) may be given or provided in the following means:

(I) by personal delivery;

(II) by fax;

(III) by post;

(IV) by email;

(V) by announcement;

(VI) by publication in newspaper or other designated media;

(VII) by publishing them on the website of the Company and the website designated by the stock exchange on which the Company's shares are [**REDACTED**] in accordance with the laws, administrative regulations, departmental rules, normative documents, and the Articles of Association; and

(VIII) by other means acceptable to the securities regulatory authorities at the place where the Company's shares are [**REDACTED**] or stipulated in the Articles of Association.

Giving notices to shareholders with the registered address outside Hong Kong is not prohibited in the Articles of Association.

If a notice of the Company is sent by way of announcement, once public announcement is made, it is deemed that all relevant personnel have received the notice. If the securities regulatory authorities at the place where the Company's shares are [**REDACTED**] stipulate otherwise, the relevant provisions shall prevail.

Notwithstanding any requirement of the Articles of Association with regard to the provision or notice form of any document, notice or other corporate communications, the Company may choose to adopt the form of notice as stipulated under item 7 of paragraph 1 of this article in substitution for the sending of written materials to the shareholders by way of personal delivery or by way of prepaid post, provided that relevant regulations of securities regulatory authority at the place where the Company's shares are [**REDACTED**] have been complied with. The corporate communications refer to any documents issued or to be issued by the Company for information or action of shareholders, including but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), reports of the Board (with its balance sheets and income statements), notices of general meeting, circulars and other communication documents.

The Company issues announcements and information disclosure to shareholders through the laws, administrative regulations or information disclosure newspapers and websites designated by the relevant domestic regulatory authorities. If an announcement is to be made to shareholders under the Articles of Association, such announcement shall also be published in designated newspapers, websites and/or the website of the Company in accordance with the method provided for in the Hong Kong Listing Rules. All notices or other documents required to be lodged with the Stock Exchange under Chapter 13 of the Hong Kong Listing Rules shall be in English or accompanied by a signed and certified English translation.

21 MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger of the Company may take two forms: merger by absorption and merger by new establishment.

In the case of a merger, parties to the merger shall execute a merger agreement, and shall prepare the balance sheets and a schedule of assets. The Company shall notify its creditors within a period of 10 days since the date on which the resolution to proceed with the merger is passed, and publish announcements on the merger in newspaper within 30 days. The creditors shall, within 30 days since the date of receiving a written notice or within 45 days since the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

In case of decrease of registered capital of the Company, a balance sheet and assets list shall be formulated. The Company shall notify its creditors within 10 days from the date of passing of the resolution for the decrease of registered capital and shall publish a notice in a newspaper within 30 days thereof. The creditors shall, within 30 days since the date of receiving the notice or within 45 days since the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

Where the merger or division of the Company results in a change in its registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

The Company shall be dissolved if:

(I) business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;

(II) the general meeting resolves to dissolve the Company;

(III) dissolution is required due to merger or division of the Company;

(IV) the Company is declared bankrupt according to law because it is unable to pay its debts as they fall due;

(V) the Company is revoked of business license, ordered to close or canceled according to law; or

(VI) there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of the shareholders and there is no other way to resolve, shareholders who hold an aggregate of over 10% of the whole voting rights can make a petition to the People's Court to dissolve the Company.

The liquidation committee shall exercise the following functions and powers during liquidation:

(I) to thoroughly examine the assets of the Company and preparing a balance sheet and a schedule of assets respectively;

(II) to notify the creditors by a notice or public announcement;

(III) to handle the outstanding business of the Company in connection with liquidation;

(IV) to repay all outstanding tax payment and the tax payment which arise in the course of the liquidation process;

(V) to clear up claims and debts;

(VI) to deal with the remaining assets after full payment of the Company's debts; and

(VII) to participate in civil litigation on behalf of the Company.

The liquidation committee shall notify its creditors within a period of 10 days since the date it is established, and publish relevant announcements on in newspaper at least three times within 60 days. Creditors shall, within 30 days since the date of receiving the notice, or for creditors who do not receive the notice, within 45 days since the date of the public announcement, report their creditors' rights to the liquidation committee.

After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and schedule of assets, it shall formulate a liquidation plan and submit such plan to the general meeting or the people's court for confirmation.

The remaining property of the Company after paying the liquidation expenses, wages owed to employees of the Company, labor insurance fees and statutory compensation, outstanding taxes and debts of the Company shall be distributed by the class of shares held by shareholders and in proportion to the number of shares held by shareholders.

During the liquidation period, the Company still exists but shall not carry out any business activities not related to liquidation. The property of the Company shall not be distributed to the shareholders until all liabilities have been paid off in accordance with the preceding paragraph.

Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in the PRC, submit the same to the general meeting or the relevant competent authorities for confirmation.

Within 30 days from the date of confirmation of the above-mentioned documents by the general meeting or the relevant competent authorities, the liquidation committee shall deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

22 AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

(I) after the Company Law, relevant laws and administrative regulations, or the Hong Kong Listing Rules are amended, the provisions of the Articles of Association are in conflict with the provisions of the amended laws or regulations;

(II) there has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association; and

(III) the general meeting decides to amend the Articles of Association.

Where any amendment to the Articles of Association, as approved by way of a resolution at the general meeting, is subject to the approval of the relevant administrative authority, it shall be submitted to the relevant administrative authorities for approval; where the Company's registered items are involved, change registration shall be made according to law.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was incorporated as a joint stock company with limited liability in the PRC in May 2015. Our registered address and principal place of business is at 14/F & 15/F, Building No. 1, Division 1, No. 81 Beiqing Road, Haidian District, Beijing, PRC.

We have established a place of business in Hong Kong at Room 1901, 19/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on May 26, 2022 under the English corporate name of "Baiwang Co., Ltd." and Chinese corporate name of "百望股份有限公司". Mr. Chiu Ming King (趙明璟), our joint company secretary, is the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong under Part 16 of the Companies Ordinance. The address for service of process on our Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. An overview of the relevant aspects of laws and regulations of the PRC is set out in the section headed "Regulatory Overview" in this document. A summary of our Articles of Association is set out in Appendix III to this document.

B. Changes in the Share Capital of our Company

As of the date of our establishment as a joint stock company with limited liability, our registered capital was RMB100,000,000 consisting of 100,000,000 issued Domestic Shares with a nominal value of RMB1.00 each, which has been fully paid up by our promoters.

Immediately following the completion of the [**REDACTED**] and the [**REDACTED**], assuming that the [**REDACTED**] is not exercised, our registered share capital will be increased to [**REDACTED**], divided into [**REDACTED**] Domestic Shares and [**REDACTED**] H Shares, fully paid up or credited as fully paid up, representing approximately [**REDACTED**] and approximately [**REDACTED**] of our [**REDACTED**] share capital, respectively.

There has been no alteration in the share capital within two years immediately preceding the date of this document.

C. Resolutions Passed by Our Shareholders' General Meeting in relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on May 31, 2023, the following resolutions, among others, were duly passed:

(1) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the Stock Exchange;

(2) the proposed number of H Shares to be [**REDACTED**] under the [**REDACTED**] and the grant of the [**REDACTED**]. The number of H Shares to be issued pursuant to the exercise of the [**REDACTED**] shall not exceed 15% of the total number of H Shares to be [**REDACTED**] initially pursuant to the [**REDACTED**];

(3) subject to the completion of the [**REDACTED**], the conditional adoption of the revised Articles of Association, which shall become effective on the [**REDACTED**]; and

(4) authorization of our Board and its authorized persons to handle all matters relating to, among other things, the [**REDACTED**].

D. Changes in Share Capital of our Subsidiaries

The list of our subsidiaries is set out in Note 44 to the Accountants' Report, the text of which is set out in Appendix I to this Document.

Save as disclosed below and in the section headed "History and Corporate Structure—Our Principal Subsidiary," there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this Document.

(1) Baiwangyun (Hong Kong) Technology Co., Limited (百望雲(香港)科技有限公司)

On May 6, 2022, Baiwangyun (Hong Kong) Technology Co., Limited was incorporated as a limited company under the Hong Kong laws, with a share capital of HK$10,000.

(2) Beijing Baiwang Jinkong Technology Co, Ltd. (北京百望金控科技有限公司)

On November 11, 2022, the registered capital of Beijing Baiwang Jinkong Technology Co., Ltd. was increased from RMB50 million to RMB110 million.

(3) Baiwang Yunfan Management Consulting Co., Ltd. (百望雲帆管理咨詢有限公司)

On January 12, 2023, Baiwang Yunfan Management Consulting Co., Ltd. was incorporated as a company with limited liability under the PRC laws, with a registered capital of RMB50.0 million.

(4) Henan Baiwang Enterprise Service Digital Technology Co., Ltd. (河南百望企服數字科技有限公司)

On February 27, 2023, Henan Baiwang Enterprise Service Digital Technology Co., Ltd. was incorporated as a company with limited liability under the PRC laws, with a registered capital of RMB10.0 million.

(5) Anhui Zhishuiyun Technology Co., Ltd. (安徽智税雲科技有限公司)

On March 22, 2023, Anhui Zhishuiyun Technology Co., Ltd. was incorporated as a company with limited liability under the PRC laws, with a registered capital of RMB5.0 million.

(6) Hangzhou Baiwangyun Technology Co., Ltd. (杭州百望雲科技有限公司)

On April 13, 2023, Hangzhou Baiwangyun Technology Co., Ltd. was incorporated as a company with limited liability under the PRC laws, with a registered capital of RMB10.0 million.

(7) Hangzhou Baishangyun Technology Co., Ltd. (杭州百商雲科技有限公司)

On April 14, 2023, Hangzhou Baishangyun Technology Co., Ltd. was incorporated as a company with limited liability under the PRC laws, with a registered capital of RMB2.0 million.

E. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, see the section headed "Appendix III—Summary of Articles of Association" in this document.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contract

We have entered into the following contract (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(1) the [**REDACTED**].

B. Our Intellectual Property Rights

As of the Latest Practicable Date, our Company had registered, or has applied for the registration of the following intellectual property rights which were material to our Group's business.

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trade Mark	Class	Owner	Place of Registration	Registration No.	Validity Period
1.	百望云	42	Our Company	PRC	43413634	From July 7, 2021 to July 6, 2031
2.	百望云	38	Our Company	PRC	43387680	From July 7, 2021 to July 6, 2031
3.	百望云	9	Our Company	PRC	43386745	From October 28, 2021 to October 27, 2031
4.	百望云	35	Our Company	PRC	22721873	From February 21, 2018 to February 20, 2028
5.	百望云 百望云	9, 35, 36, 42	Our Company	Hong Kong	305852502	From January 7, 2022 to January 6, 2032

Patent

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Owner	Description	Patent No.	Types of Patents	Application Date	Authorization announcement Date
1.	Our Company	A graphical user interface of electronic invoice reader for computers (用於電腦的電子發票閱讀器圖形用戶界面)	202030633285.9	Design Patent	October 16, 2020	June 29, 2021
2.	Our Company	A remote monitoring method based on Cloud Computing (一種基於雲計算的遠程監測方法)	201810175136.4	Invention Patent	June 27, 2016	September 22, 2020

No.	Owner	Description	Patent No.	Types of Patents	Application Date	Authorization announcement Date
3.	Our Company	An enterprise tax risk monitoring and analysis system based on big data (一種基於大數據的企業稅務風險監控分析系統)	201910724074.2	Invention Patent	August 7, 2019	September 22, 2020
4.	Our Company	A rotation method and system for neutral nodes in blockchain system (用於區塊鏈系統中的中立節點的輪換方法及系統)	201911215789.1	Invention Patent	December 2, 2019	October 30, 2020
5.	Our Company	A database security guarantee system and method based on big data (基於大數據的數據庫安全保障系統及方法)	201911405645.2	Invention Patent	December 31, 2019	November 3, 2020

Domain Name

As of the Latest Practicable Date, we had registered the following domain name which we considered to be material to our business:

No.	Domain Name	Name of Registered Proprietor	Validity Period
1.	http://www.baiwang.com/	Our Company	From January 16, 2004 to January 16, 2025

Software copyright

As of the Latest Practicable Date, we had registered the following software copyright which we considered to be material to our business:

No.	Software Name	Owner	Registration No.	Registration Date
1.	Baiwang risk control SaaS cloud platform V1.0 (百望風控SaaS雲平台V1.0)	Our Company	2020SR1500349	September 14, 2020
2.	Intelligent decision-making platform V1.0 (智慧決策平台V1.0)	Our Company	2020SR1548838	November 6, 2020

No.	Software Name	Owner	Registration No.	Registration Date
3.	Baiwang supply chain collaboration platform V2.0 (百望供應鏈協同平台V2.0)	Our Company	2021SR0274780	February 22, 2021
4.	Baiwang green page electronic invoice support platform V1.0 (百望綠頁電子票據支撐平台V1.0)	Our Company	2021SR0368655	March 10, 2021
5.	Digital invoice center blockchain platform V1.0 (數字化票據中心區塊鏈平台V1.0)	Our Company	2021SR0929950	June 22, 2021

3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

A. Particulars of Directors' and Supervisors' Contracts

Each of our Directors and Supervisors [has entered] into a service contract with our Company. Each service contract is for an initial term of three years. The service contracts may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to enter into a service contract with any member of our Group, other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

B. Remuneration of Directors and Supervisors

See "Directors, Supervisors and Senior Management" and Note 18 to the Accountants' Report in Appendix I to this document for the remuneration or benefits in kind paid to our Directors and Supervisors for each of the three years ended December 31, 2022 and the nine months ended September 30, 2023.

During the Track Record Period, no fees were paid by our Group to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office.

C. Share Incentive Scheme

The following is a summary of the principal terms of the share incentive scheme (the "Share Incentive Scheme") adopted by us on January 31, 2021. Under the Share Incentive Scheme, eligible participants are granted partnership interest (the "Restricted Shares") in our share incentive platforms as listed in the next paragraph. The Share Incentive Scheme does not involve the grant of options by our Company to subscribe for new Shares.

As at the Latest Practicable Date, Tianjin Duoying and Ningbo Xiu'an subscribed for 14,922,174 Shares and 20,000,000 Shares, respectively, representing 6.89% and 9.23% of our total issued share capital. As of June 21, 2023, (i) Tianjin Shuitong, Tianjin Piaoying, Tianjin Piaowang and Tianjin Piaofu, as the indirect shareholding platforms, subscribed for 19.00%, 43.16%, 9.38% and 9.58% of the partnership interest in Tianjin Duoying, respectively; and (ii) Tianjin Piaoxiang and Tianjin Piaohui, as the indirect shareholding platforms, subscribed for 20.00% and 10.00% of the partnership interest in Ningbo Xiu'an, respectively. For details of the share incentive platforms and the Restricted Shares granted to our Directors, Supervisors, senior management, other connected persons of our Company and other Grantees (as defined below) as at Latest Practicable Date, please refer to "History and Corporate Structure—Share Incentive Platforms."

Purpose

The purpose of the Share Incentive Scheme is to build an incentive mechanism for the management, core employees and other personnel of our Group and foster shared interests among them and our Shareholders, thereby promoting the growth of our Group's long-term performance.

Eligible participants

The eligible participants of the Share Incentive Scheme include our senior and middle level management team, core technical and business personnel and other employees or external consultants who have made contributions to our Group (the "Grantees").

Type of awards

The Grantees are granted the Restricted Shares, being the limited partnership interest in our Share Incentive Platforms, and are each registered as a limited partner of our share incentive platforms upon grant of the Restricted Shares. Share Incentive Scheme provides for awards of indirect interests in the share capital of our Company by allowing the Grantees to be registered as limited partners of the share incentive platforms and indirectly receive economic interest in the pro rata portion of the underlying Shares held by the share incentive platforms.

Subscription Price

The price of subscription for the relevant limited partnership interest in the share incentive platforms is RMB1.23 per underlying Share or RMB2.51 per underlying Share, depending on the contribution and length of service of the participants.

Term

The Share Incentive Scheme shall be valid and effective commencing on the date of its adoption until the date when all the Restricted Shares granted to the Grantees have been disposed, cancelled, repurchased or cancelled, or its tenth anniversary, whichever is earlier. No new Restricted Share will be granted after the [**REDACTED**].

Administration of the Share Incentive Scheme

The general manager of our Company has been authorized by the Board to act as the administrator of the Share Incentive Scheme, and has the authority to, among others, determine the eligible participants of the scheme and their respective number of Restricted Shares to be granted, the circumstances where the Grantees may exit the scheme, and to approve the grant, transfer and disposal of the Restricted Shares to the Grantees.

Lock-up on Restricted Shares

The Restricted Shares granted are subject to the lock-up in the following manner:

For the Grantees who joined our Group on or before December 31, 2020

Tranche	**Lock-up Period**
50% of the Restricted Shares so granted	from the date of grant to one year after the [**REDACTED**]
25% of the Restricted Shares so granted	from the date of grant to two years after the [**REDACTED**]
25% of the Restricted Shares so granted	from the date of grant to three years after the [**REDACTED**]

For the Grantees who joined our Group after December 31, 2020

Tranche	**Lock-up Period**
20% of the Restricted Shares so granted	from the date of grant to one year after the [**REDACTED**]
20% of the Restricted Shares so granted	from the date of grant to two years after the [**REDACTED**]
30% of the Restricted Shares so granted	from the date of grant to three years after the [**REDACTED**]
30% of the Restricted Shares so granted	from the date of grant to four years after the [**REDACTED**]

After the lock-up period, the Grantees may realize the economic benefits attaching to the Restricted Shares by requesting the relevant share incentive platform to sell the underlying Shares in the open market and distribute the sale proceeds to the relevant Grantees in accordance with the exit mechanism under the Share Incentive Scheme. In the event that the corresponding Grantee departures from the Group or exits the Share Incentive Scheme before the lock-up period expires, such Restricted Shares shall be repurchased by Ms. Chen or other eligible participants designated by Ms. Chen or sold by the relevant share incentive platform if so agreed by Ms. Chen.

4. DISCLOSURE OF INTERESTS

A. Disclosure of Interests of Directors and Supervisors

Save as disclosed below, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), none of our Directors or Supervisors has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company, once the H Shares are [**REDACTED**] on the Stock Exchange.

			As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)			
Name of Director	Our Company/ associated corporation	Capacity/ nature of interest	Number of Domestic Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares	Description of Shares[1]	Approximate percentage of shareholding in our Domestic Shares/ H Shares (as appropriate)[1]	Approximate percentage of shareholding in the total issued share capital of our Company
Ms. Chen[2]	Our Company	Beneficial owner, interest in controlled corporation	93,622,174	43.22%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
					[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Huang Miao (黃淼)	Our Company	Beneficial owner	45,215	0.02%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

(1) For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

(2) As of the Latest Practicable Date, Ms. Chen (i) acted as the general partner of Ningbo Xiu'an; and (ii) acted as the general partner of Tianjin Duoying and Tianjin Piaoying, the latter of which was a limited partner holding 43.16% of the partnership interest in Tianjin Duoying. Under the SFO, Ms. Chen is deemed to be interested in the entire Shares held by Ningbo Xiu'an and Tianjin Duoying.

Save as disclosed in this document, up to the Latest Practicable Date, none of the Directors or Supervisors or their respective spouses and children under 18 years of age had been granted by our Company or had exercised any rights to subscribe for shares or debentures of our Company or any of its associated corporations.

B. Substantial Shareholders

Save as disclosed below and in the section headed "Substantial Shareholders" in this document, our Directors, Supervisors or chief executive are not aware of any other person, not being a Director, Supervisor or chief executive of our Company, who has an interest or short position in the Shares and underlying Shares of our Company, which following the completion of the [**REDACTED**], would fall to be disclosed to our Company under the provisions of Divisions 2 an 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company or any member of our Group.

Interests in other members of our Group

Name of our subsidiary	Name of interested party	Capacity/ Nature of interest	Approximate percentage of shareholding
Baiwang Tradelift (Suzhou) Software Co., Ltd. (百望貿宜(蘇州)軟件有限公司)	Shanghai Yiqin Software Co., Ltd. (上海宜芩軟件有限公司)	Beneficial owner	15%
Hangzhou Baishangyun Technology Co., Ltd. (杭州百商雲科技有限公司)	China Industry and Commerce Press Co., Ltd. (中國工商出版社有限公司)	Beneficial Owner	20%
Baiwang Yunfan Management Consulting Co., Ltd. (百望雲帆管理諮詢有限公司)	Beijing Hongfan Enterprise Consulting Co., Ltd. (北京弘帆企業諮詢有限公司)	Beneficial Owner	49%

C. Disclaimers

Save as disclosed in this document:

(1) none of our Directors or Supervisors has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(2) none of our Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole; and

(3) so far as is known to our Directors, none of our Directors, Supervisors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

5. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or its subsidiaries.

B. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any outstanding material litigation or arbitration which may have material and adverse effect on the [**REDACTED**] and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

C. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares. The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will be paid by our Company a fee of US$800,000 to act as a sponsor in connection with the [**REDACTED**].

D. Compliance Advisor

Our Company has appointed Guotai Junan Capital Limited as the compliance advisor upon the [**REDACTED**] in compliance with Rule 3A.19 of the Listing Rules.

E. Preliminary Expenses

We have not incurred any material preliminary expenses.

F. Promoters

See "History and Corporate Structure—Our Company—Incorporation of our Company" for details of our promoters.

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document.

G. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this document, are as follows:

Name	Qualification
Haitong International Capital Limited	Licensed corporation under the SFO for type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified public accountants and public interest entity auditors
Tian Yuan Law Firm	PRC Legal Advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

H. Consents of Experts

Each of the experts named in "5. Other Information—G. Qualification of Experts" above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above had any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the [**REDACTED**] of members of our Company, including in circumstances where such transaction is effect on the Stock Exchange. For further information in relation to taxation, see "Regulation Overview".

J. No Material and Adverse Change

Our Directors confirm that there has been no material and adverse change in the financial or trading position of our Group since September 30, 2023.

K. Binding Effect

This document shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

L. Related Party Transactions

Our Group entered into certain related party transactions within the two years immediately preceding the date of this document as mentioned in Note 42 to the Accountants' Report in Appendix I to this document.

M. Restriction on Share Repurchases

See Appendix III to this document for details.

N. Miscellaneous

Save as disclosed in this document:

(1) within the two years immediately preceding the date of this document:

(i) save as disclosed in this document, no share or loan capital of our Group has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Group is under option or is agreed conditionally or unconditionally to be put under option;

(iii) save as disclosed in the section headed "[**REDACTED**]," no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share of our Group; and

(iv) save as disclosed in the section headed "[**REDACTED**]," no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company;

(2) there are no founder, management or deferred shares or any debentures in our Group;

(3) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(4) our Company has no outstanding convertible debt securities or debentures;

(5) there is no arrangement under which future dividends are waived or agreed to be waived;

(6) save as disclosed in the section headed "History and Corporate Structure", none of our equity and debt securities is [**REDACTED**] or dealt with in any other stock exchange nor is any [**REDACTED**] or permission to [**REDACTED**] being or proposed to be sought;

(7) all necessary arrangements have been made to enable the H shares to be admitted into [**REDACTED**] for clearing and settlement; and

(8) no company within our Group is presently [**REDACTED**] on any stock exchange or traded on any [**REDACTED**] system.

O. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(1) copies of material contracts referred to in "2. Further Information about Our Business—A. Summary of Our Material Contracts" in Appendix IV; and

(2) the written consents referred to in "5. Other information—H. Consents of Experts" in Appendix IV.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of our Company at **www.baiwang.com** and on the website of the Stock Exchange at **www.hkexnews.hk** up to and including the date which is 14 days from the date of this document:

(1) the Articles of Association in Chinese;

(2) the Accountants' Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I;

(3) the audited consolidated financial statements of our Group for the three years ended December 31, 2022 and the nine months ended September 30, 2023;

(4) the report from Deloitte Touche Tohmatsu relating to the [**REDACTED**] financial information, the text of which is set out in Appendix II;

(5) the material contract referred to in "2. Further Information about Our Business—A. Summary of Our Material Contract" in Appendix IV;

(6) the written consents referred to in "5. Other information—H. Consents of Experts" in Appendix IV;

(7) the contracts referred to in "3. Further Information about Our Directors and Supervisors—A. Particulars of Directors' and Supervisors' Contracts" in Appendix IV;

(8) the legal opinions issued by Tian Yuan Law Firm, our PRC Legal Advisor, in respect of certain general corporate matters and our Group's business operations in the PRC;

(9) the PRC Company Law, the PRC Securities Law and the Trial Administrative Measures together with their unofficial English translations; and

(10) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.