
SUMMARY

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].

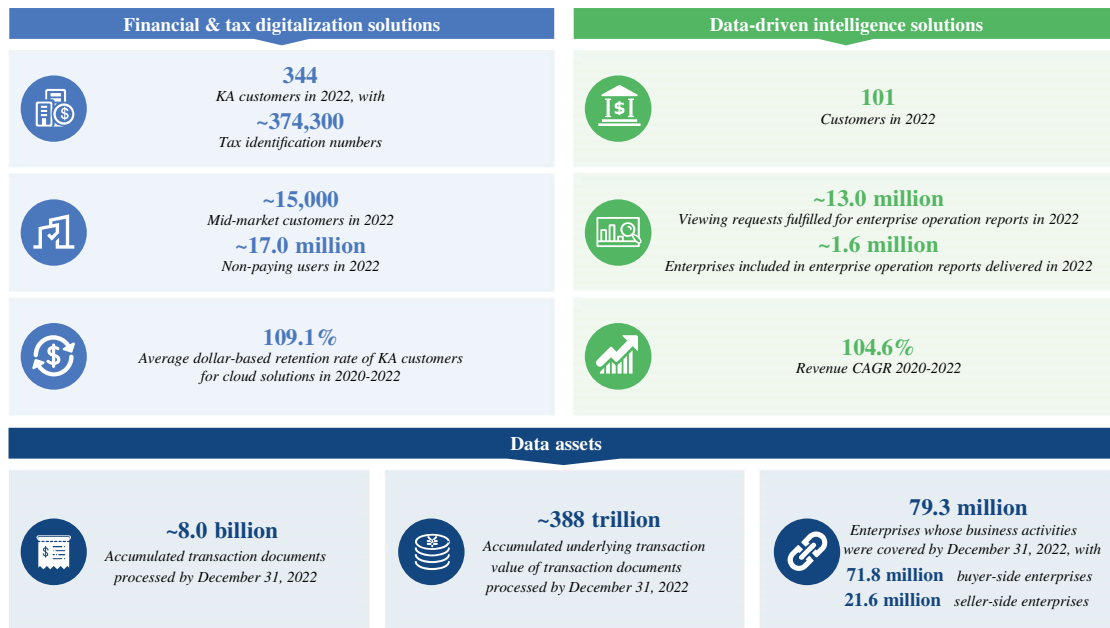
OVERVIEW

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%.

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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

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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.



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.

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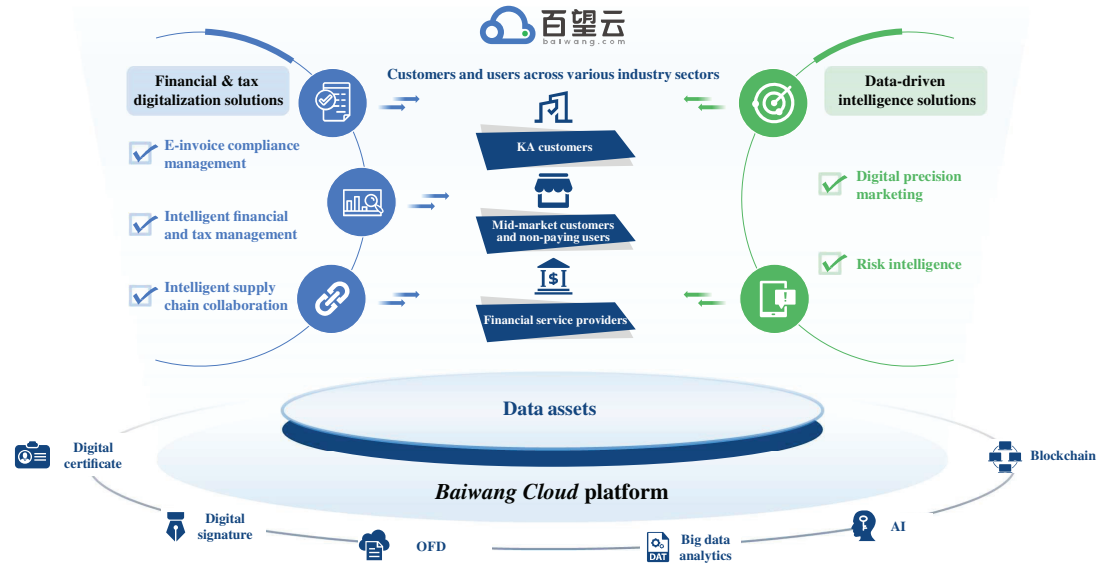
Driven by the development of SMB financing in China, big data analytics solutions have been quickly adopted by financial service providers in China for cost-effective risk management and customer acquisition. China’s transaction-based big data analytics for SMB financing market, in terms of revenue, 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.

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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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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		<ul style="list-style-type: none"> Annual subscription fees; Usage-based fees; and Project-based fees

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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	Large enterprises and corporate conglomerates	<ul style="list-style-type: none"> • Software license fees; • Implementation fees; • Annual maintenance fees; and • Hardware equipment fees
		(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		

Our Financial & Tax Digitalization Solutions

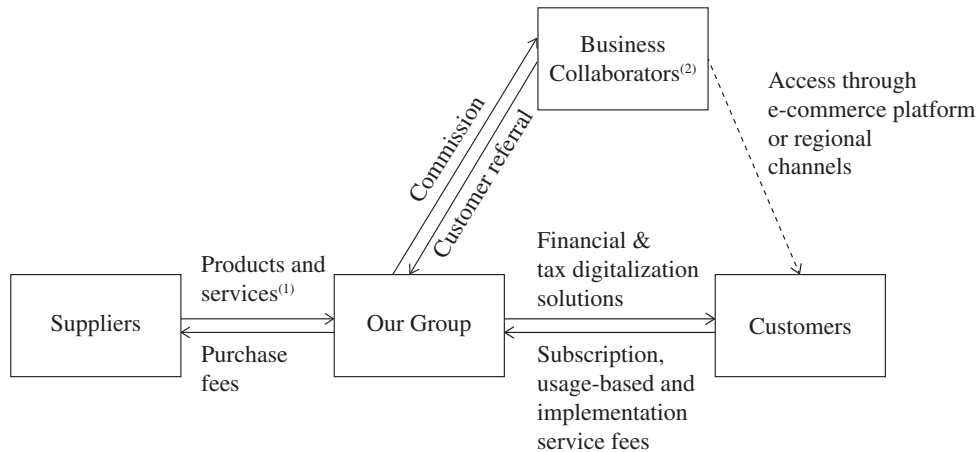
E-invoice compliance management solutions (電子票據合規管理解決方案). Our e-invoice compliance management solutions enable enterprise customers to digitalize the full-life cycle of e-invoices, from issuance, circulation, analysis to archiving, to help enterprises improve their operational efficiency, cost-saving 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.

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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.

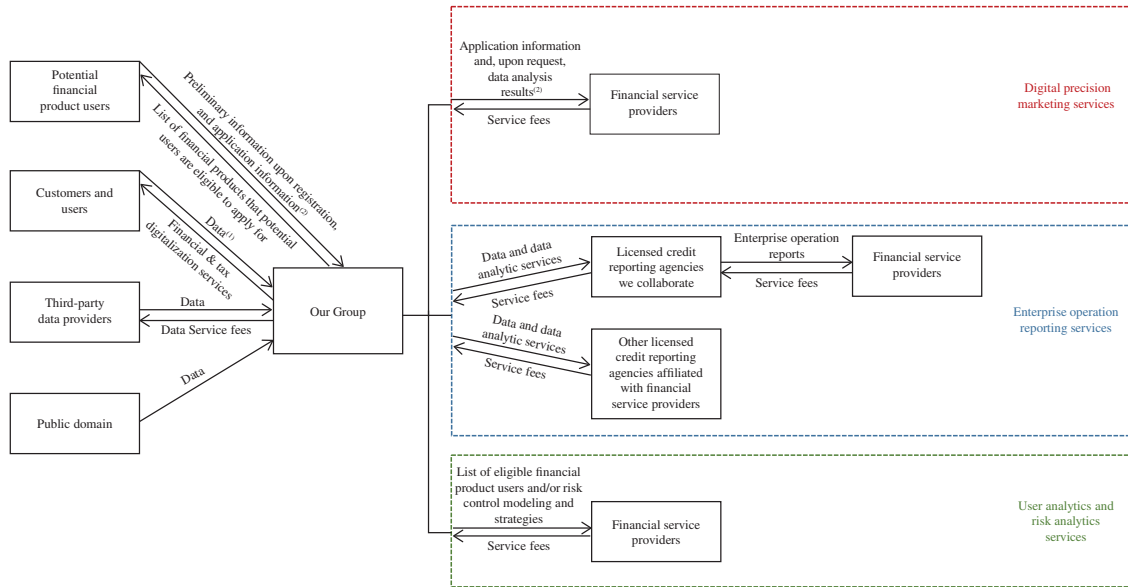
Our Data-driven Intelligence Solutions

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.

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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.

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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.

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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.

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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

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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	<u>(388,800)</u>	<u>(133.6)</u>	<u>(448,373)</u>	<u>(98.8)</u>	<u>(156,224)</u>	<u>(29.7)</u>	<u>(101,865)</u>	<u>(27.0)</u>	<u>(213,457)</u>	<u>(45.6)</u>

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	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.

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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.

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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
— <i>Digital precision</i>										
<i>marketing services</i>	28,109	9.6	94,603	20.9	170,229	32.4	122,360	32.4	179,049	38.2
— <i>Risk intelligence</i>										
<i>services</i>	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	<u>291,115</u>	<u>100.0</u>	<u>453,763</u>	<u>100.0</u>	<u>525,765</u>	<u>100.0</u>	<u>377,253</u>	<u>100.0</u>	<u>468,442</u>	<u>100.0</u>

(1) Includes primarily advertisement publishing services.

SUMMARY

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		Gross Profit		Gross Profit		Gross Profit	
	Gross profit	Margin (%)	Gross profit	Margin (%)	Gross profit	Margin (%)	Gross profit	Margin (%)	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
— <i>Digital precision marketing services</i>	3,136	11.2	29,073	30.7	14,377	8.4	11,564	9.5	12,632	7.1
— <i>Risk intelligence services</i>	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	<u>134,308</u>	46.1	<u>216,163</u>	47.6	<u>214,290</u>	40.8	<u>156,227</u>	41.4	<u>136,321</u>	29.1

SUMMARY

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

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.

SUMMARY

KEY FINANCIAL RATIOS

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

	As of/for the year ended			As of/for the nine	
	December 31,			months ended	
	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

SUMMARY

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.

SUMMARY

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

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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.”

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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.

SUMMARY

[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).

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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.

SUMMARY

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

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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 cybersecurity, 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.

SUMMARY

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.