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OVERVIEW

We are an enterprise digitalization solutions provider in China, focusing on offering SaaS financial & tax digitalization and data-driven analytics services 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 insights into voluminous transaction data and equipped with big data analytics capabilities, we facilitate the automated and digitalized business decision-making by financial service providers and other enterprise customers. We have achieved the leadership position in the markets we operate in, as evidenced by the following, according to the F&S Report:

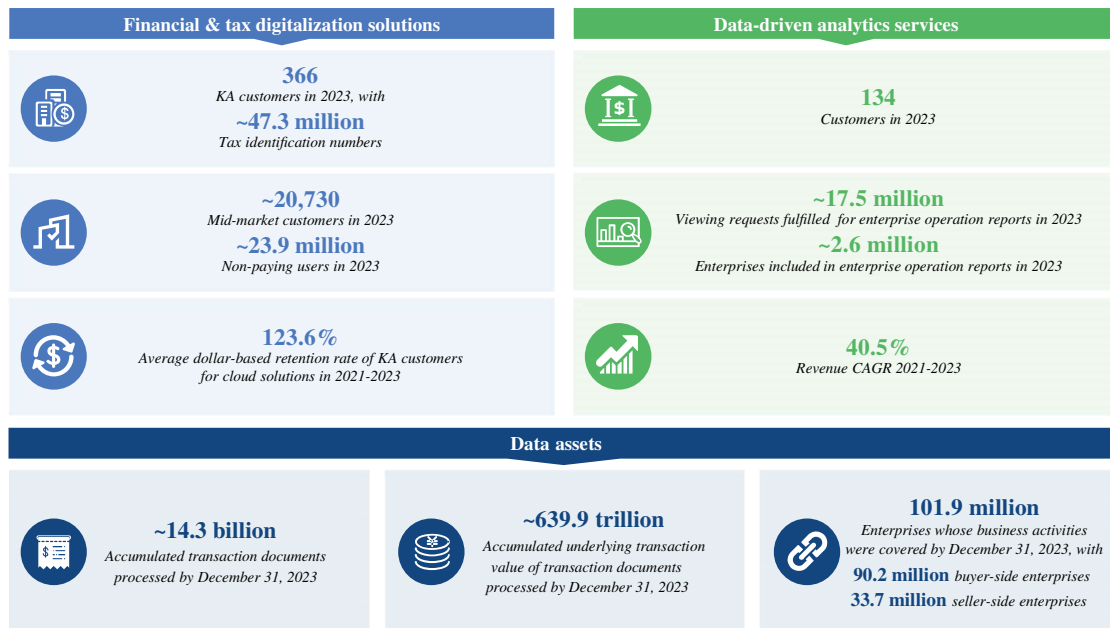
- we ranked first in China’s cloud financial and tax-related transaction digitalization market in 2023 in terms of revenue, representing a market share of 7.1%, and second in China’s financial and tax-related transaction digitalization market in 2023 in terms of revenue, representing a market share of 4.9%⁽¹⁾;
- 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 2023;
- we ranked second among financial and tax-related transaction digitalization solution providers in China, with approximately 2.6 billion VAT invoices issued through our cloud solutions in 2023; and
- we ranked second in China’s transaction-based big data analytics for SMB financing market in 2023 in terms of revenue, representing a market share of 6.4%⁽²⁾.

(1) 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 4.0% and 3.4% in 2019 and 2023, respectively, and is expected to increase to 8.7% in 2028. 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 1.0% and 0.9% in 2019 and 2023, respectively, and is expected to increase to 2.6% in 2028.

(2) 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, remained relatively stable at 20.5% in 2019 and 19.5% in 2023, and is expected to increase to 24.1% in 2028.

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



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. 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, including 14.3 billion transaction documents processed by us, covering business activities of 101.9 million enterprises as of December 31, 2023.

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 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 2023, with our cloud financial & tax digitalization solutions, we served 366 KA customers comprising distinct legal entities with approximately 47.3 million tax identification numbers, approximately 20,730 mid-market customers, and approximately 23.9 million non-paying users, which are primarily small and micro-sized businesses.

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Leveraging our big data analytics technology, we have developed data-driven analytics services that facilitate the optimization of decision making and risk management of financial service providers and other enterprises across industries. In 2023, we served 134 customers with our data-driven analytics services, and we fulfilled approximately 17.5 million viewing requests for enterprise operation reports, with approximately 2.6 million enterprises included in the enterprise operation reports.

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. See “Industry Overview—China’s Financial and Tax-related Transaction Digitalization Market—Background of China’s Financial and Tax-related Transaction Digitalization Market—History of Golden Tax Project in China” for details.

The adoption and proliferation of e-invoices and digital 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 RMB5.1 billion in 2019 to RMB7.2 billion in 2023, at a CAGR of 9.2%, and is expected to reach RMB34.3 billion in 2028, at a CAGR of 36.5% from 2023 to 2028. 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 4.0% and 3.4% in 2019 and 2023, respectively, and is expected to increase to 8.7% in 2028. 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 1.0% and 0.9% in 2019 and 2023, respectively, and is expected to increase to 2.6% in 2028.

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 RMB1.8 billion in 2019 to RMB5.5 billion in 2023, at a CAGR of 32.7%, and is expected to reach RMB19.0 billion in 2028, at a CAGR of 28.0% from 2023 to 2028. The market size of China’s transaction-based big data

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analytics for SMB financing market, as a percentage of the total big data analytics for SMB financing market in China in terms of revenue, remained relatively stable at 20.5% in 2019 and 19.5% in 2023, and is expected to increase to 24.1% in 2028.

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 21.4% of total market share in terms of revenue in 2023, with more than 100 market players competing in such market in 2023, according to the F&S Report. Top five players in China’s transaction-based big data analytics for SMB financing market accounted for 22.7% of total market share in terms of revenue in 2023, with more than 150 market players competing in such market in 2023, 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 Business Tax to Value-Added 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.

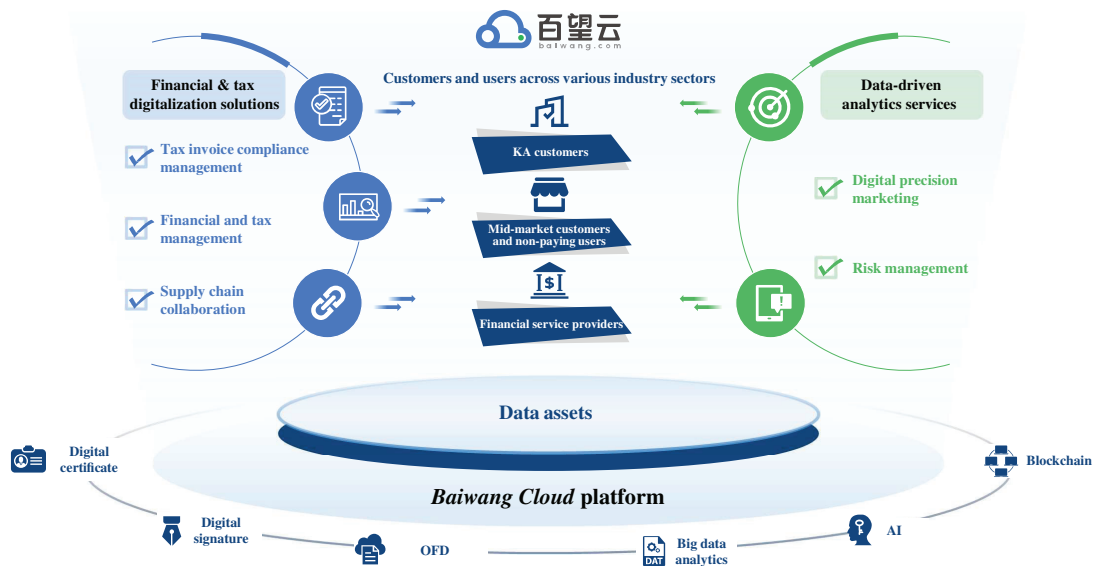
Current stage and future development. Starting from 2021, the recent development of Golden Tax Project has further stimulated the digital transformation of enterprises’ financial and tax management. See “Industry Overview—China’s Financial and Tax-related Transaction Digitalization Market—Background of China’s Financial and Tax-related Transaction Digitalization Market—History of Golden Tax Project in China” for details. 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 and digital invoices in various business transaction processes. Leveraging our technology innovation capability and industry experience, we, together with another software and technology company, which is a Chinese state-owned enterprise specializing in the provision of IT infrastructure services, such as those in relation to operating system and database, became the joint bid-winner, joint developer and the exclusive service providers for the SAT in relation to the system application development of the Digital Invoice Service

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Platform in 2021. In the meantime, catering to the promotion of SMB financing and leveraging our experiences serving small and micro-sized businesses, we have strategically strengthened our data-driven analytics services that empower financial service providers in terms of user acquisition and risk management.

Our Business Model

We have strategically developed our proprietary *Baiwang Cloud* platform, which is a technology-integrated business platform encompassing digital certificate, digital signature, open fixed-layout document (“OFD”), big data analytics, AI and blockchain. *Baiwang Cloud* platform enables us to provide customers in an array of industry verticals with modularized solutions, including: (1) financial & tax digitalization solutions, delivered in cloud and on-premises applications and compatible with e-invoices and digital invoices, consisting of tax invoice compliance management, financial and tax management and supply chain collaboration solutions, and (2) data-driven analytics services, consisting of digital precision marketing services and risk management services. During the Track Record Period, we generated revenue primarily through charging (i) annual subscription fees, usage-based fees, sales-based fees and solution delivery fees for cloud financial & tax digitalization solutions, (ii) sales-based fees, annual subscription fees, usage-based fees and project-based fees for our data-driven analytics services, and (iii) software license fees, implementation fees, annual maintenance fees and hardware equipment fees for on-premises financial & tax digitalization solutions. The following diagram sets forth the key aspects of our business model.



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Our Financial & Tax Digitalization Solutions

Tax invoice compliance management solutions (票據合規管理解決方案). Our tax invoice compliance management solutions enable enterprise customers to digitalize the full-cycle tax invoice management, from issuance, circulation, analysis to archiving, to help enterprises improve their operational efficiency, cost-saving and compliance. Our tax invoice compliance management solutions enable customers to issue, deliver and manage tax invoices in a centralized, automated manner through a unified channel, featuring the automated tax invoice processing function and tax invoice compliance control function, which allow customers to conveniently manage their tax invoice issuance activities and improve compliance with invoice and tax laws. We generally charge annual subscription fee, usage-based fee and solution delivery fees for our tax invoice compliance management solutions. The number of VAT invoices issued through our cloud solutions in 2023 was approximately 2.6 billion, representing an aggregate transaction amount of approximately RMB123.1 trillion. In addition to our chargeable tax invoice compliance management solutions, we have developed an array of complimentary applications with basic tax invoice generation, printing, search and delivery functions, which shall be provided to users free of charge pursuant to the applicable PRC rules and regulations.

Financial and tax management solutions (財稅管理解決方案). Our financial and tax management solutions streamline, digitalize and automate enterprise spending and tax management processes, including tax 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. We generally charge annual subscription fee, usage-based fee and solution delivery fees for our financial and tax management solutions. The number of invoice processing requests fulfilled through our cloud solutions in 2023 was approximately 0.7 billion, and the transaction amount underlying the invoices processed was approximately RMB78.5 trillion.

Supply chain collaboration solutions (供應鏈協同解決方案). Our 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. We generally charge sales-based fees and solution delivery fees for our supply chain collaboration solutions. As of December 31, 2023, transactions with an aggregated amount of approximately RMB117.7 billion had been processed with our supply chain collaboration solutions.

Our Data-driven Analytics Services

Digital precision marketing services (數字精準營銷服務). 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. In provision of our digital precision marketing services, we engage marketing agents to identify potential product users and facilitate such potential users to register on our platform and fill in financial product applications. We generally charge sales-based fees for our digital precision marketing services. During the Track Record Period,

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nearly all of our revenue from digital precision marketing services was attributable to fees charged to financial service providers for sales of financial products facilitated by us to users referred by our marketing agents.

Risk management services (風險管理服務). Our risk management services primarily comprise enterprise operation reporting services, user analytics services, risk analytics services and procurement optimization 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 procurement optimization services compute average merchandise prices with our big data algorithm and serve as market price references for our customers and empower better procurement decisions and cost savings. We generally charge annual subscription fees, usage-based fees and project-based fees for our risk management services.

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 December 31, 2023, we had processed approximately 14.3 billion transaction documents, covering business activities of approximately 101.9 million enterprises, including approximately 90.2 million buyer-side enterprises and approximately 33.7 million seller-side enterprises, and representing transactions with an aggregate value of approximately RMB639.9 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 2021, 2022 and 2023, our total revenue was RMB453.8 million, RMB525.8 million and RMB713.0 million, respectively. Our gross profit was RMB216.2 million, RMB214.3 million and RMB282.0 million in 2021, 2022 and 2023, respectively. We recorded net loss of RMB448.4 million, RMB156.2 million and RMB359.3 million in 2021, 2022 and 2023, respectively. We recorded adjusted net loss (non-IFRS measure) of RMB16.7 million, RMB70.3 million and RMB83.4 million in 2021, 2022 and 2023, respectively. See “Financial Information—Consolidated Statements of Profit or Loss and Other Comprehensive Income—Non-IFRS Measure” for details.

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Our Key Operating Data

The following table sets forth the key operating metrics of our cloud financial & tax digitalization solutions, data-driven analytics services and on-premises financial & tax digitalization solutions for the periods indicated.

	Year ended December 31,		
	2021	2022	2023
Cloud financial & tax digitalization solutions			
Number of customers			
— KA customers	205	217	366
— Mid-market customers	12,163	14,591	20,734
Number of non-paying users (in million)	7.7	17.0	23.9
Number of tax identification numbers served (in million)	35.3	40.5	47.3
Average revenue per customer (RMB in thousands)	12.7	10.7	10.4
Number of retained customers ⁽¹⁾	9,282	11,510	13,273
Dollar-based retention rate for KA customers	119.7%	104.4%	146.7%
Dollar-based retention rate for mid-market customers ⁽²⁾	90.2%	96.5%	91.1%
Dollar-based retention rate ⁽³⁾	102.0%	84.5%	116.9%
Conversion rate for non-paying users ⁽⁴⁾	0.05%	0.07%	2.8%
Data-driven analytics services			
Number of customers	91	101	134
Average revenue per customer (RMB in thousands)	1,962.6	2,609.1	2,630.0
Number of viewing requests fulfilled for enterprise operation reports (in millions)	15.5	13.0	17.5
Number of enterprises included in the enterprise operation reports (in thousands)	1,318.5	1,553.0	2,645.0
Average price charged for each enterprise included in the enterprise operating reports	RMB48.0	RMB47.8	RMB40.1
Value of financial product sales facilitated by us in connection with digital precision marketing services (RMB in billions)	14.7	29.6	41.6
Number of retained customers ⁽¹⁾	58	75	68
Dollar-based retention rate ⁽³⁾	221.5%	135.8%	120.3%

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	Year ended December 31,		
	2021	2022	2023
On-premises financial & tax digitalization solutions			
Number of customers	917	1,309	2,051
Average revenue per customer (RMB in thousands)	120.1	71.4	67.3
Number of retained customers ⁽¹⁾	480	600	719
Dollar-based retention rate ⁽²⁾	82.8%	67.5%	94.5%

- (1) Represent the number of customers in a given year who were also our customers in the preceding year.
- (2) Represent the quotient with the numerator being revenue from mid-market customers in a given year, who are also mid-market customers in the preceding year, and the denominator being revenue from the same group of customers in the preceding year.
- (3) Represent the quotient obtained from dividing revenue in a given year by the relevant revenue generated from the same group of customers in the preceding year.
- (4) Represent the quotient with the denominator being (A) the number of tax identification numbers registered on our platform in a given year that initially only used our complimentary services, and the numerator being (B) the number of tax identification numbers in (A) that later purchased our chargeable services in the same year.

Under our cloud financial & tax digitalization solutions, the numbers of KA customers and mid-market customers generally increased during the Track Record Period, primarily due to the increase in customer demands for our solutions. The number of our non-paying users surged in 2022 and continued to increase in 2023, 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 and the decrease in demand from KA customers for digital invoice-related services, both as a result of the adverse impact of the COVID-19 pandemic. The dollar-based retention rate for KA customers increased significantly in 2023, primarily due to the combined effects of the increase in completion of project delivery after the pandemic and the resurgence in customer demand among KA customers due to the pilot implementation of the digital invoice reform in 2023. Our dollar-based retention rate for mid-market customers remained relatively stable at 90.2%, 96.5% and 91.1% in 2021, 2022 and 2023, respectively, and was lower than 100% during the Track Record Period, because we strategically lowered our solution pricing to incentivize customer purchases. The general decrease in average revenue per customer for our cloud financial & tax digitalization solutions from RMB12.7 thousand in 2021 to RMB10.4 thousand in 2023 was primarily because there was a decrease in overall enterprise budget allocated for financial and tax digitalization solutions primarily among KA customers. Moreover, the digital invoice reform brought about an increase in the number of market participants in the financial and tax digitalization market, and the intensified market competition has caused a decrease in average price charged for financial and tax digitalization solutions. However, as the digital invoice reform continues to deepen as promoted by national policies, we expect to see increasing adoption of digital invoices and expanded use scenes of digital invoices in enterprises’ financial and tax management. The number of retained customers for cloud financial & tax digitalization solutions increased during the Track Record Period, primarily due to increasing customer

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stickiness for our solutions. Dollar-based retention rate for cloud financial & tax digitalization solutions decreased in 2022, primarily due to the adverse impact of the COVID-19 pandemic. Dollar-based retention rate for cloud financial & tax digitalization solutions increased in 2023, primarily due to the increase in customer demands for our solutions as our customers gradually recovered from the adverse impact of the COVID-19 pandemic. The conversion rate for non-paying users remained relatively stable at 0.05% and 0.07% in 2021 and 2022, respectively, and increased significantly to 2.8% in 2023, primarily due to our expanded marketing efforts, especially with the assistance with our business collaborators, that converted user accounts with non-paying tax identification numbers.

The number of customers for our data-driven analytics services increased from 101 in 2022 to 134 in 2023, which was generally in line with our business growth in offering data-driven analytics services. The average revenue per customer for our data-driven analytics services was approximately RMB2.0 million, RMB2.6 million and RMB2.6 million in 2021, 2022 and 2023, respectively. The number of enterprises included in the enterprise operation reports 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. Average price charged for each enterprise included in the enterprise operating reports generally decreased during the Track Record Period, primarily because we granted more favorable subscription and usage-based packages to customers to incentivize them to use our services. 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. The number of retained customers for data-driven analytics services increased from 58 in 2021 to 75 in 2022, driven by the increase in customer demands for our services. The number of retained customers for data-driven analytics services decreased to 68 in 2023, and the decrease primarily related to our risk management services, as certain customers for our project-based services ceased to be our customers once the projects were delivered. Dollar-based retention rate for data-driven analytics services decreased during the Track Record Period, primarily due to the slowed growth rate of our digital precision marketing services from 2021 to 2023. The number of viewing requests fulfilled for enterprise operation reports decreased from 15.5 million in 2021 to 13.0 million in 2022, primarily because certain project for a customer in 2021 resulted in a substantial number of viewing requests for our enterprise operations reports.

For our on-premise financial & tax digitalization solutions, the number of customers increased from approximately 900 in 2021 to approximately 1,300 in 2022, and further to approximately 2,000 in 2023, primarily due to our efforts to expand our customer base from corporate conglomerates to more large and mid-sized enterprises, which also contributed to the general decrease in average revenue per customer during the Track Record Period. The number of retained customers for on-premises financial & tax digitalization solutions increased during the Track Record Period, primarily due to increasing customer stickiness for our solutions. Dollar-based retention rate for on-premises financial & tax digitalization solutions decreased in 2022, primarily due to the adverse impact of the COVID-19 pandemic. Dollar-based retention rate for on-premises financial & tax digitalization solutions increased in 2023, primarily due to the increase in customer demands for our solutions as our customers gradually recovered from the adverse impact of the COVID-19 pandemic.

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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 2023 in terms of revenue, representing a market share of 7.1%, and second in China’s financial and tax-related transaction digitalization market in 2023 in terms of revenue, representing a market share of 4.9%. 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 and digital invoice services, 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 have accumulated rich industry experience, and together with another software and technology company, which is a Chinese state-owned enterprise specializing in the provision of IT infrastructure services, such as those in relation to operating system and database, became the joint bid-winner, joint developer and the exclusive service providers for the SAT in relation to the system application development of the Digital Invoice Service Platform in 2021. In such project, we are responsible for the development and construction of application functions and access channels of the Digital 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.

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We have accumulated multi-dimensional invoice and transaction data through offering financial & tax digitalization solutions. Through analyzing transaction data of enterprises, 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 2023 in terms of revenue, representing a market share of 6.4%. 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 tax invoice compliance management solutions, financial and tax management solutions, and 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, 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 tax invoice, transaction and compliance management, and encompass functions of tax 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 December 31, 2023, we had processed approximately 14.3 billion transaction documents, covering business activities of approximately 101.9 million enterprises, including approximately 90.2 million buyer-side enterprises and approximately 33.7 million seller-side enterprises, and representing transactions with an aggregate value of approximately RMB639.9 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 analytics services.

Recognizing the policy trend in favor of SMB financing to facilitate economic growth and promote employment, we have launched data-driven analytics services. 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

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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 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 customer network 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 205, 217 and 366 KA customers in 2021, 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, 2023, 88 of our top 100 KA customers in terms of revenue contribution in 2021 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 23.9 million non-paying users in 2023 with our cloud financial & tax digitalization solutions, covering a wide variety of industries, such as retail,

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catering, education, 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 analytics services.

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 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 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 analytics services 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 December 31, 2023, we had a dedicated R&D team of 372 members, accounting for 36.5% of our total employees as of the same date. In 2021, 2022 and 2023, we incurred research and development expenses of RMB137.8 million, RMB144.3 million and RMB188.0 million, respectively, representing 30.4%, 27.4% and 26.4% 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

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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 such as expanding the scope of automatic tax calculation and automatic initiation of reconciliation functions and calculation of rebates, and the transaction document coverage of our tax invoice compliance management solutions to diversify their application scenarios and further penetrate into various industry verticals. We will also improve the financial and tax management solutions by upgrading the tax filing functions to improve the automated and centralized tax filings and tax deduction management of all tax types. For our 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 analytics services, 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

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providers’ user acquisition and risk management. We also plan to expand the application of our data-driven analytics 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 build an integrated digital business ecosystem. 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], 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 analytics services 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 analytics services, while also benefiting small and micro-sized businesses.

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

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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 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], 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 tax invoice solutions designed for highway toll systems, or tax invoice compliance management solutions designed for insurance companies and 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.

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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 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], from the [REDACTED] to collaborate with and selectively pursue strategic investment and acquisition opportunities. See “Future Plans and [REDACTED]” for details.

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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, compatible with e-invoices and digital invoices, consist of tax invoice compliance management, financial and tax management, and supply chain collaboration solutions, all of which can be delivered in cloud and on-premises applications. Empowered by our data assets, we also offer data-driven analytics services 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)	Tax invoice compliance management solutions (票據合規管理解決方案)	Enable customers to digitalize the process of, among others, tax 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; • Sales-based fees; and • Solution delivery fees
	Financial and tax management solutions (財稅管理解決方案)	Enable customers to record, store and verify tax invoices received by them, streamline accounting document archiving and complete tax filing		
	Supply chain collaboration solutions (供應鏈協同解決方案)	Enable customers to automate account payment and settlement with their business partners		

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Solutions	Products and Services	Key Functions and Features	Principal Customers/Users	Pricing
Data-driven analytics services (數據驅動的 分析服務)	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 management services (風險管理服務)	<ol style="list-style-type: none"> (1) Enable customers to understand business performance and operation status of potential and existing users based on their tax 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 		<ul style="list-style-type: none"> • 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)		<ol style="list-style-type: none"> (1) Centralize and automate tax invoice compliance and tax management with on-premises application (2) Collect and store structured data for enterprise expenditure and related tax 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	<ul style="list-style-type: none"> • Software license fees; • Implementation fees; • Annual maintenance fees; and • Hardware equipment fees

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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,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)					
Cloud financial & tax						
digitalization solutions	156,615	34.5	157,996	30.1	219,539	30.8
Data-driven analytics services	178,597	39.4	263,519	50.1	352,425	49.4
— <i>Digital precision</i>						
<i>marketing services</i>	94,603	20.9	170,229	32.4	210,187	29.5
— <i>Risk management services</i>	83,994	18.5	93,290	17.7	142,238	19.9
On-premises financial &						
tax digitalization solutions	110,168	24.3	93,491	17.8	138,132	19.4
Others ⁽¹⁾	8,383	1.8	10,759	2.0	2,900	0.4
Total	<u>453,763</u>	<u>100.0</u>	<u>525,765</u>	<u>100.0</u>	<u>712,996</u>	<u>100.0</u>

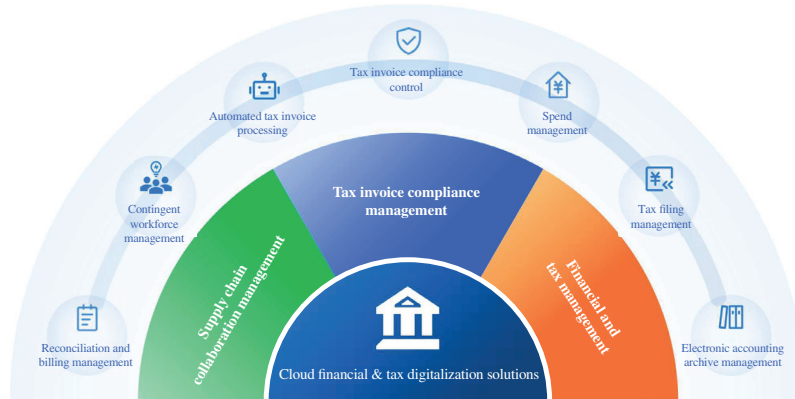
(1) Includes primarily advertisement publishing services.

CLLOUD FINANCIAL & TAX DIGITALIZATION SOLUTIONS

Our cloud financial & tax digitalization solutions, compatible with e-invoices and digital invoices, digitalize tax invoice management, tax 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) tax invoice compliance management solutions, (2) financial and tax management solutions, and (3) supply chain collaboration solutions. Based on their specific needs, our customers can subscribe to these solutions individually or as a combination. As of December 31, 2023, our tax invoice compliance management solutions and financial and tax management solutions had been upgraded to become fully compatible with the use and management of digital invoices, and we had assisted customers with a total of 408.8 thousand tax identification numbers and processed 47.4 million digital invoices.

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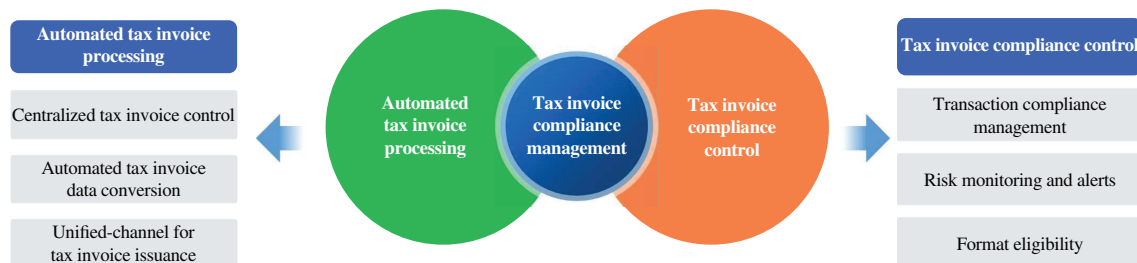
The following diagram demonstrates solution modules of our cloud financial & tax digitalization solutions.



We primarily charge customers annual subscription fees and/or usage-based fees for our cloud financial & tax digitalization solutions. In 2021, 2022 and 2023, we had approximately 12,370, 14,810 and 21,100 customers for our cloud financial & tax digitalization solutions, respectively. We generated revenue of RMB156.6 million, RMB158.0 million and RMB219.5 million from our cloud financial & tax digitalization solutions in 2021, 2022 and 2023, respectively, accounting for 34.5%, 30.1% and 30.8% of our total revenue in the same periods, respectively.

Tax Invoice Compliance Management Solutions

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



Our tax invoice compliance management solutions contain value-added features for enterprise customers to issue, deliver and manage tax invoices in a centralized, automated manner through a unified channel. Enterprise customers could purchase such value-added features that suit for their business demands. In addition to chargeable value-added features, we also offer basic functions of tax invoice generation, printing, search and delivery to users free of charge in accordance with applicable PRC rules and regulations. When customers and non-paying users use our solutions and complimentary applications for tax invoice issuance purposes, we are under no obligation to ensure the genuineness of the relevant transactions conducted by the customers and non-paying users.

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Automated Tax Invoice Processing

We have developed the automated tax invoice processing function to assist enterprise customers in coping with their daily tax invoice issuance, delivery and management demands. In 2023, the number of VAT invoices generated and issued through our cloud solutions was approximately 2.6 billion, and the corresponding aggregate transaction amount was approximately RMB123.1 trillion.

Tax 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 tax invoice data and generate the corresponding tax 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 tax invoices and support tax invoice delivery in large batches to designated recipients within a short amount of time. The automated tax 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 chargeable features of the automated tax invoice processing function of our solution.

Feature	Description
Centralized tax invoice control	In contrast to traditional tax invoice issuance process, where finance staff in an organization need to manually input tax invoice information based on business and transaction data and generate one piece of tax invoice at one time, our solutions integrate with customers’ internal information system and enable centralized and unified management of tax invoice processing activities within an enterprise. Through system integration, it is possible to achieve centralized management of user permissions, products, services, tax rates, tax codes, and information security hardware. Business personnel of our customers can directly initiate tax invoice issuance requests from the business system, and, after our solutions complete tax invoice issuance, automatically send the tax invoices back to the customers’ business and financial systems for subsequent accounting processing, thereby improving business processing efficiency.

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Feature	Description
Automated tax 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 tax invoice issuance. Based on categorized transaction data, our solutions then convert such transaction data into tax invoice data and generate tax invoices in accordance with predesignated tax 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 tax invoice issuance demands and help enterprises integrate invoice and transaction management.
Unified channel for tax invoice issuance	Currently, there are various types of information security hardware and VAT invoicing software used by enterprises in China for tax invoice issuances. See “Industry Overview—China’s Financial and Tax-related Transaction Digitalization Market—Background of China’s Financial and Tax-related Transaction Digitalization” for details. Our multi-channel unified management function interacts with different VAT invoicing software, allowing enterprise customers with multiple information security hardware and VAT invoicing software to meet all their tax invoice issuance needs with our solutions, as well as to reduce costs associated with initial system integration and subsequent system upgrades and maintenance.

Tax 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.

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Our tax invoice compliance control function enables customers to issue tax invoices in compliance with invoice and tax laws. It incorporates compliance configuration that identifies tax 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 tax 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 tax 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 tax invoices that are supported by verifiable and authentic transactions. The automated tax 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, tax 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 tax invoice issuance irregularities.
- *Format eligibility.* Tax 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 tax invoices in OFD format. Tax 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.

We charge customers for our tax invoice compliance management solutions primarily on subscription or usage-based fee models.

Besides our tax invoice compliance management solutions, which are chargeable, in view of the potential massive demands from enterprises, in particular small and micro-sized businesses, to conveniently issue and deliver tax invoices, we have developed an array of complimentary applications. Users of our complimentary applications manually enter tax invoice and transaction information to populate tax invoices bearing such inputs and issue and deliver tax invoices to the designated recipients free of charge. To encourage users to utilize and to improve user experience with our complimentary applications, we have embedded value-added feature of automatic filling of invoice title information to enable users to more conveniently issue invoices with our applications. We have upgraded our complimentary applications to be fully compatible with digital invoices.

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In 2023, the number of non-paying users of our complimentary applications was approximately 23.9 million. We have been able to up-sell our other solutions to a large number of the non-paying users of our complimentary applications, and accumulate transaction data.

Financial and Tax Management Solutions

Our 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 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 financial and tax management solutions.



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 449.8 million, 581.8 million and 467.2 million in 2021, 2022 and 2023, respectively. Our enterprise spend management solutions enable enterprises to effectively manage tax invoices and transaction records associated with enterprise expenditures, primarily through the following functions.

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- *Input VAT management.* Upon our customers’ receipt of tax invoices issued by their transaction partners, our solutions automatically examine information accuracy and conduct compliance checks of such tax invoices. See “—Tax Invoice Compliance Management Solutions—Tax Invoice Compliance Control” for details. If we identify any non-compliance incidents, our system will issue an alert and provide correction suggestions. Notably, tax 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 tax invoices. Our solutions can continuously monitor tax 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 tax invoices against the expenditure and voucher information submitted by employees, thereby helping enterprise customers review employee reimbursement requests and generate reimbursement decisions.

Our 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 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-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

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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.

Tax Filing Management

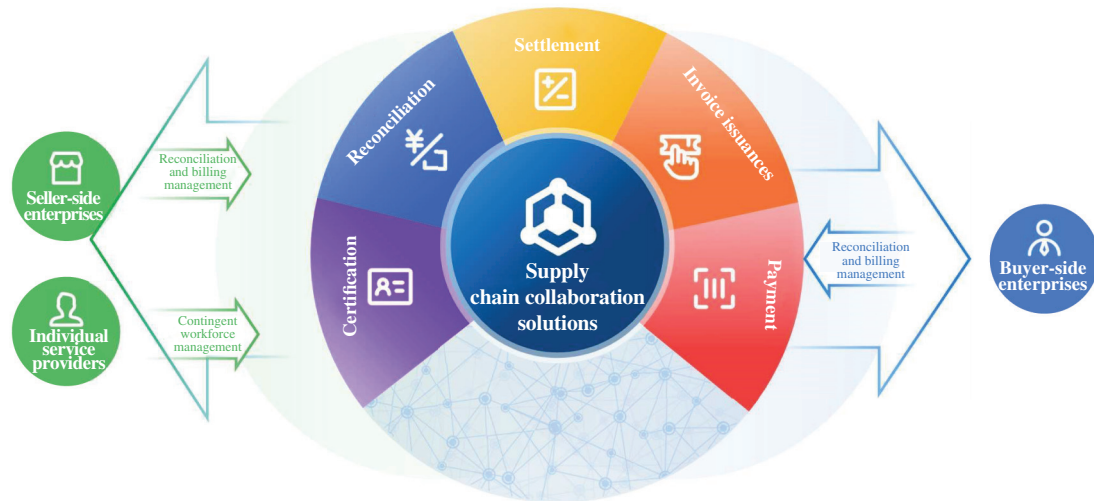
Our tax filing management solutions enable customers to complete tax filings, including, among others, enterprise income tax and VAT filings, within a few clicks. Our solutions also improve enterprises’ tax compliance and risk management capabilities, primarily through the following functions.

- *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.

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 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 supply chain collaboration solutions.

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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.

With the rapid development of digital economy and shared economy, contingent workforce has become an important labor service mode. As such, enterprises utilizing outsourcing workforce are in need of a compliant means to obtain VAT invoices for their payment settlement and manage tax deduction. We have obtained the necessary authorization from competent tax authorities, and our financial and tax management solutions enable us to streamline the reconciliation and payment settlement process for enterprise customers to obtain the VAT invoices in a compliant manner. Our contingent workforce management services help

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enterprises maintain flexibility in their staffing and employment strategy in a compliant manner, which facilitate customers to streamline their payment settlement with such individual service providers and obtain the corresponding VAT invoices to reduce tax deduction losses. We provide contingent workforce management services under two models, namely, commissioned invoicing model and entrusted collection model. Under both models, we charge enterprise customers service fees primarily based on the amount of compensation settled with the individual service providers using our services. Revenue from contingent workforce management services under both the commissioned invoicing model and the entrusted collection model is recognized on net basis. During the Track Record Period, we generated substantially all of the revenue from our contingent workforce management services under the commissioned invoicing model.

Under the commissioned invoicing model, we enter into authorization agreements with competent tax authorities in order to provide our services to enterprise customers. Our enterprise customers directly settle the service compensation with individual service providers, and pursuant to the authorization agreements entered between competent tax authorities and us, we will apply to the 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. Under this model, we served 16, 38 and 44 enterprise customers in 2021, 2022 and 2023, respectively.

Under the entrusted collection model, we enter into entrusted tax collection agreements with competent tax authorities to provide our services. Based on entrusted collection model and pursuant to the entrusted tax collection agreement, we enter into business collaboration agreement with designated enterprises (the “Designated Enterprises”) and invite such enterprises to register on our contingent workforce online platform, whereby we provide certain services, such as compensation settlement services, and the Designated Enterprises will pay us a comprehensive service fee, comprising the expenses incurred by us in settling service compensation with the individual service providers and the platform service fees. In the meantime, we enter into service agreement with individual service providers, which provides that the individual service providers will provide services to the Designated Enterprises and that we help outsource the business needs of the Designated Enterprises to individual services providers, pay service compensation to the individual service providers, and collects personal income tax and other taxes from the individual service providers on behalf of the competent tax authorities. Based on the aforementioned agreements, the Designated Enterprises are obligated to pay us service fees, and we are obligated to pay individual service providers the service compensation. We may advance payments to such individual service providers upon the requests of Designated Enterprises, and during the Track Record Period, we advanced payments primarily upon the request of a certain reputable Designated Enterprise. Although the number of enterprise customers served by us under the entrusted collection model decreased from 61 in 2021 to 45 in 2022 and further to 10 in 2023, primarily due to our strategic reduction in marketing efforts for our contingent workforce management services under this model, we benefited over 11,200, 106,300 and 102,800 individual service providers in the same periods, respectively. Under this model, service compensation we settled with individual service providers was approximately RMB127.9 million, RMB310.0 million and RMB323.5 million in 2021, 2022 and 2023, respectively.

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As advised by the PRC Legal Advisor, our contingent workforce management services, as provided under both commissioned invoicing model and entrusted collection model, comply with the applicable PRC laws and regulations in all material respects, and are conducted pursuant to the respective authorization agreement with competent tax authorities. According to the F&S Report, the business models of and business activities conducted under our contingent workforce management services are consistent with industry practice. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any notice, inquiry, investigation or sanction with respect to our contingent workforce management services by any PRC government authorities.

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 ANALYTICS SERVICES

Our data-driven analytics services comprise digital precision marketing services and risk management services, and facilitate our customers’ user acquisition and risk management. 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 2021, 2022 and 2023, we served 91, 101 and 134 customers with our data-driven analytics services, comprising primarily financial service providers and licensed credit reporting agencies. Revenue generated from our data-driven analytics services was RMB178.6 million, RMB263.5 million and RMB352.4 million in 2021, 2022 and 2023, respectively, accounting for 39.4%, 50.1% and 49.4% of our total revenue in the same periods, respectively.

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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 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. For loan products, the value of loan product sales facilitated by us was RMB3.8 billion, RMB3.7 billion and RMB2.2 billion in 2021, 2022 and 2023, respectively. Our average service fee ratio for loan products with financial service providers was 1.31%, 1.10% and 1.33% in 2021, 2022 and 2023, respectively. Our average referral fee ratio for loan products with marketing agents was 0.71%, 0.78% and 0.77% in 2021, 2022 and 2023, respectively. The value of credit facility products that we facilitated in selling was RMB10.9 billion, RMB25.8 billion and RMB39.4 billion in 2021, 2022 and 2023, respectively. Our average service fee ratio for credit facility products with financial service

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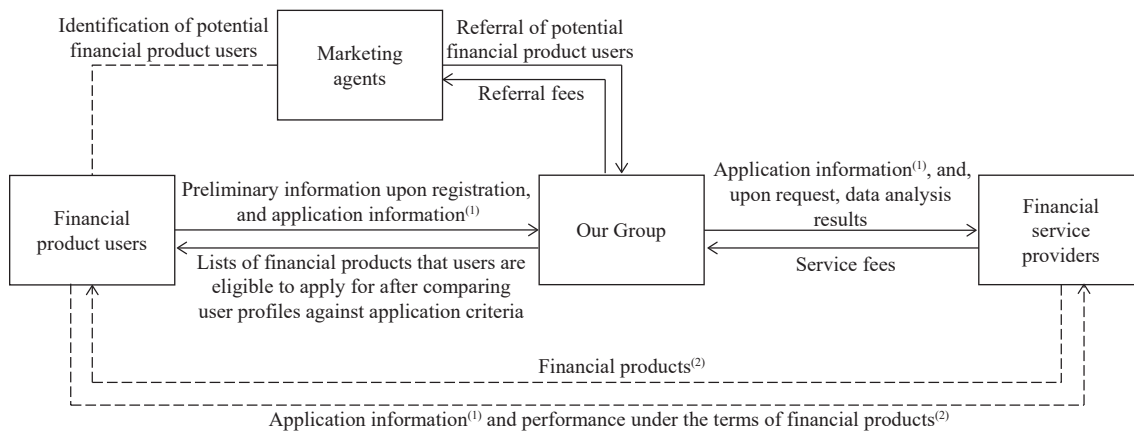
providers was 0.47%, 0.54% and 0.49% in 2021, 2022 and 2023, respectively. Our average referral fee ratio for credit facility products with marketing agents was 0.37%, 0.51% and 0.47% in 2021, 2022 and 2023, respectively. A majority of our revenue from digital precision marketing services was attributable 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 2.60% during the Track Record Period. We maintained a record of successful application cases, either derived from our system or through the regular updates with financial service providers, primarily on a daily or weekly basis. For financial product applications submitted by potential financial product users through our platform, financial service providers will prompt their decisions, including the loan or credit facility amount granted by them, to our platform once such applications are approved. For financial product applications submitted by potential financial product users directly through financial service providers' platforms under our guidance, financial service providers will regularly provide updates to us regarding the application status. The value of financial products facilitated by us is ascertained by cross-checking our own records, financial service providers' summary statements and records kept by marketing agents, which will follow up with financial products users and keep record of users' application results.

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 nearly all of our revenue from digital precision marketing services was attributable to fees charged to financial service providers for sales of financial products facilitated by us to users referred by our marketing agents during the Track Record Period. During the Track Record Period, financial product users referred by marketing agents were not converted by us from our existing customer or user base. The number of our marketing agents was 299, 511 and 666 as of December 31, 2021, 2022 and 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, such as their WeChat Official Accounts and websites, 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, authorized for our access by potential 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. 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

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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 extending 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.



- (1) 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.
- (2) 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.

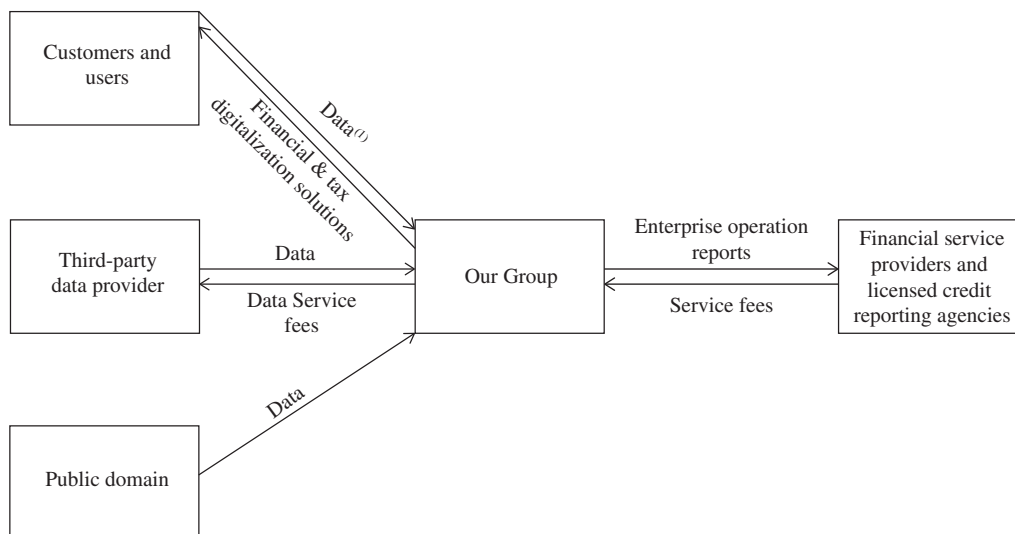
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Risk Management Services

Our risk management services primarily comprise enterprise operation reporting services, user analytics services, risk analytics services, and 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 that engage in SMB financing business, 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. Typically, financial service providers initiated requests to view operation reports for specific enterprises. 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. Each enterprise operation report typically included information relating to one enterprise, including 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.

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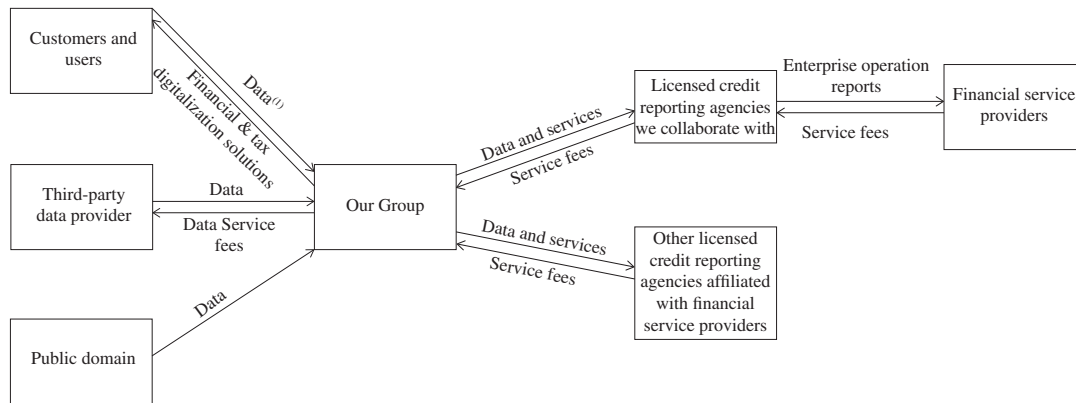
On September 27, 2021, the PBOC issued the 2021 Administrative Measures, which requires institutions that have not completed record-filing as enterprise credit reporting agencies but had engaged in enterprise credit reporting business before the promulgation of the 2021 Administrative Measures to rectify within 18 months from January 1, 2022 (the “Compliance Period”). According to the Measures for the Administration of Credit Institutions (徵信機構管理辦法), establishment of an enterprise credit reporting agency shall satisfy the criteria for company incorporation stipulated in the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “PRC Company Law”), and a record shall be filed with the provincial branches of People’s Bank of China within 30 days from the grant of registration by the company registration authorities, and the following materials shall be submitted: (1) filing form for the enterprise credit reporting agency; (2) photocopy of the business license; (3) statement on equity structure, including capital, list of shareholders, and their respective capital contribution amount or shareholding; (4) a statement on organization structure and staffing; (5) basic information on the scope of business and business rules; (6) basic information on business systems, including a report on the development status of enterprise credit information system and a report on the security evaluation of enterprise credit information system issued by an institution with national information security level protection evaluation qualifications; and (7) information security and risk prevention measures, including established internal control system and security management system. See “Regulatory Overview—Regulations on Credit Reporting Business.” We submitted our record-filing application with the Business Administration Department of the PBOC (Beijing) in 2021 and had not received any rejection, denial or any other response or feedback from the relevant authorities as of the Latest Practicable Date.

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 two other licensed credit reporting agencies, which are independent third parties. 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

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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 three 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 December 31, 2023, we entered into service contracts with Guangxi United to serve a total of 43 financial services providers, including 26 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.

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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. 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 2023, our revenue attributable to Guangxi United was RMB3.9 million and RMB58.4 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.

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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.

When financial service providers need to find out certain operational and financial conditions of its own financial product users, financial service providers will request their users to download and install certain of our applications, primarily in recognition of our transaction- and invoice-based analytics capabilities. The installation of our application and use of our cloud solutions will require consent from the financial product users, and such consent authorizes us to collect and process their data. Prior to any report delivery, the relevant financial product user will need to provide consent to financial service providers for data processing and generation of enterprise operation reports. 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

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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 period from the expiration of the Compliance Period, July 1, 2023, to April 30, 2024, the number of viewing requests fulfilled for enterprise operation reports was 17.3 million, and the number of enterprises included in the enterprise operation reports was 2.9 million, compared to 10.7 million and 1.6 million for the period from July 1, 2022 to April 30, 2023, 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.

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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.

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- 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.

During the provision of our enterprise operation reporting services, we procure enterprise data from a third-party data provider, and data supplied to us primarily include enterprises' industrial and commercial information, contact information, and beneficial ownership and shareholding information. Under our agreement with such third-party data provider, we have the right to analyze, integrate, process and use the data procured from such third-party data provider in our products, and we shall not tamper with, disclose or illegally use the procured data, or use the procured data beyond the scope of the agreement. To the extent required under the Cybersecurity Law of the PRC, we must provide consent from enterprises when we request data from this third-party data provider, who shall keep any information we provided during the course of its services strictly confidential. Under the agreement, we are required to deposit a certain sum of money into our account with the third-party data provider, and for each time we request for enterprise data, we are charged a fee, the amount of which is dependent on the specific type of information we request and the search result. Our agreement with this third-party data provider has a term of three years, and may be extended by the third-party data provider.

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 10.8 million enterprises in 2021, 2022 and 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.

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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, seven and six projects with our risk analytics services in 2021, 2022 and 2023, respectively, to a total of three, seven and six customers in the same periods, respectively, and generated revenue of RMB6.2 million, RMB6.9 million, and RMB4.1 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 RMB2.1 million, RMB1.0 million and RMB0.7 million in 2021, 2022 and 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. In 2021, 2022 and 2023, we generated revenue of RMB7.9 million, RMB8.2 million, and RMB14.6 million, from our asset verification services, respectively.

Procurement Optimization Services

During the provision of our tax invoice processing and verification services, we extract, compile and categorize merchandise information from desensitized tax invoice data, sort out merchandise catalog that enterprise customers routinely procure, and construct a merchandise SKU library. Based on the massive volume of tax invoices processed through our solutions and the unit price information recorded on such tax 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 launched our procurement optimization services in 2022 and generated revenue of approximately RMB0.6 million in 2023.

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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 mid-sized 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 December 31, 2023, we had delivered enterprise operation reports of more than 1.4 million enterprises for Customer Y.

ON-PREMISES FINANCIAL & TAX DIGITALIZATION SOLUTIONS

Our on-premises financial & tax digitalization solutions, delivered in our proprietary software product, 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 and are compatible with e-invoices and digital invoices. 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 on-premises solutions provide tax invoice compliance management solutions, 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 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 tax 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 2021, 2022 and 2023, our on-premises financial & tax digitalization solutions served 917, 1,309 and 2,051 enterprise customers, respectively, across more than 30 industries during such periods. From January 1, 2021 to December 31, 2023, the number of our on-premises projects exceeded 500. Average customer spending on our on-premises solutions was approximately RMB120.1 thousand, RMB71.4 thousand and RMB67.3 thousand in 2021, 2022 and 2023, respectively. During the Track Record Period, the revenue generated from our on-premises financial & tax digitalization solutions was RMB110.2 million, RMB93.5 million and RMB138.1 million in 2021, 2022 and 2023, respectively, accounting for 24.3%, 17.8% and 19.4% of our total revenue in the same periods, respectively.

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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 December 31, 2023, we had assembled a dedicated R&D team of 372 members, accounting for approximately 36.5% 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 2021, 2022 and 2023, we incurred research and development expenses of RMB137.8 million, RMB144.3 million and RMB188.0 million, respectively, representing 30.4%, 27.4% and 26.4% of our total revenue, respectively.

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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 <i>Baiwang Cloud</i> platform.
2017	We launched our Open API Platform to enable various types of ERP systems to integrate with our <i>Baiwang Cloud</i> platform.
2018	We launched our supply chain collaboration solutions and an initial version of 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 tax management system, completed our financial and tax management solution offerings, and launched 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,

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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 16 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 tax 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

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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 tax 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 digital 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 720 terabytes stored in 75 physical machines as of December 31, 2023. We developed data

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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, Elasticsearch 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 and digital invoice issuance services, we have developed automatic filling and completion capabilities as to merchandise and enterprise information. For our data-driven analytics services, 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.

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We also continuously refine our own operational efficiency and upgrade our solutions based on 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 interfering 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, (3) sales-based fees, and (4) solution delivery fees, which comprise implementation service fees, hardware equipment fees and maintenance fees. 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

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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 analytics services primarily refers to market prices of comparable products. For our digital precision marketing services, we charge financial service providers sales-based fees 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. The unit price charged per enterprise on the enterprise operation reports ranged from RMB10.0 to RMB250.0 in 2021, from RMB7.6 to RMB135.0 in 2022 and from RMB6.0 to RMB118.8 in 2023. 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 maintenance service 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.

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SALES AND MARKETING

Sales Model

During the Track Record Period, we provided all of our products and services in China, and we generated revenue primarily through direct sales of our products and services. Under our direct sales mode, we rely on our in-house sales force to identify and interact with end users of our cloud and on-premises financial & tax digitalization solutions and financial service providers for our data-driven analytics services. During the Track Record Period, a small portion of our revenue from cloud financial & tax digitalization solutions was attributable to business collaborators, which helped market our solutions and identify and develop end users for our cloud financial & tax digitalization solutions. Our business collaborators primarily comprise Taobao and others. For details of our collaboration arrangement with Taobao and the other business collaborators, see “—Sales and Marketing—Sales Model—Business Collaborators.”

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,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	<i>(RMB in thousands except for percentages)</i>					
Revenue attributable to direct sales	423,382	93.3	491,648	93.5	676,070	94.9
Revenue attributable to business collaborators						
— Revenue attributable to Taobao	23,250	5.1	24,650	4.7	23,095	3.2
— Revenue attributable to other business collaborators	7,131	1.6	9,467	1.8	13,831	1.9
Total	453,763	100.0	525,765	100.0	712,996	100.0

Direct Sales

We utilize direct sales to maintain a stable pricing system and proactively engage with customers. As of December 31, 2023, we had direct sales force of 83 members, covering major cities of China. Under our direct sales mode, we rely on our in-house direct sales force to identify and interact with end users of our cloud and on-premises financial & tax digitalization solutions and financial service providers for our data-driven analytics services, and when carrying out our direct sales initiatives, we strategically put more emphasis on 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

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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 3,200, 6,900 and 8,800 in 2021, 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 analytics services typically include the following major terms.

- *Term.* The service agreement typically ranged from one to three years.

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- *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 rely on our in-house sales force to develop and maintain customer relationships with financial service providers, which are the customers of our digital precision marketing services. However, we collaborate with marketing agents to identify potential users for financial products launched by financial service providers. We select our marketing agents based on various criteria, including, among others: (1) our marketing agents are required to have a certain amount of minimum registered capital and operational and business competency in relevant recognized industries such as information services, enterprise services and financial product recommendation business; (2) our marketing agents are required to have sufficient local sales and marketing resources with an expertized sales team of at least 10 sales personnel; and (3) our marketing agents are also required to comply with applicable laws and regulations and should not be involved in any legal disputes.

The number of our marketing agents was 299, 511 and 666 as of December 31, 2021 and 2022 and 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.

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	For the year ended December 31,		
	2021	2022	2023
At the beginning of the period	172	299	511
Addition of new marketing agents	127	212	155
Termination of marketing agents	—	—	—
At the end of the period	299	511	666

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, such as their WeChat Official Accounts and websites, 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, authorized for our access by relevant 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. 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. 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. Financial service providers typically do not collaborate directly with marketing agents, as financial service providers maintain stringent internal control procedures and impose qualification requirements for their service providers, such as operation history, registered share capital and operation scale. Marketing agents typically cannot satisfy such requirements from financial service providers. Financial service providers also prefer to collaborate with us, as we have established our industry reputation as a financial and tax-related transaction digitalization solution provider with strong data analytics capabilities that enable us to identify businesses with financing needs but also detect associated lending risks. 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.

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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 “—Data-driven Analytics Services—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 RMB64.2 million, RMB153.6 million, and RMB193.4 million in 2021, 2022 and 2023, respectively, accounting for 27.0%, 49.3% and 44.9% of our total cost of sales in the same periods, respectively. See “—Data-driven Analytics Services—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 0.3% to 0.69%, 0.1% to 0.72% and 0.36% to 0.80% in 2021, 2022 and 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 2023, according to the F&S Report. For loan products launched by financial service providers, our referral fee ratios with marketing agents typically ranged from 0.05% to 1.18%, 0.17% to 1.6% and 0.20% to 1.28% in 2021, 2022 and 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 2023, according to the F&S Report. Such referral fee ratio with marketing agents is in line with the 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.”

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Nearly all of our revenue from digital precision marketing services was attributable to fees charged to financial service providers for sales of financial products facilitated by us to 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.

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- *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. Specifically, Taobao presents several financial & tax digitalization service providers, including us, for its e-merchants to choose from, if such e-merchants are in need of third-party services for tax invoice management based on their order and transaction information on Taobao. 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 5.1%, 4.7% and 3.2% of our total revenue in 2021, 2022 and 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

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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 1.6%, 1.8% and 1.9% of our total revenue in 2021, 2022 and 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, 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 2021, 2022 and 2023, our distribution and selling expenses were RMB132.7 million, RMB98.9 million and RMB202.8 million, respectively, representing 29.2%, 18.8% and 28.4% 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. For each year during the Track Record Period, revenue generated from our largest customer in 2021, 2022 and 2023 accounted for 6.5%, 18.0% and 15.1%, respectively, of our total revenue in the same periods. For each year during the Track Record Period, revenue generated from our five largest customers in each

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of 2021, 2022 and 2023 accounted for 21.6%, 34.5% and 35.4%, 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
	<i>(RMB in millions)</i>	<i>(%)</i>			
<i>For the year ended December 31, 2023</i>					
Customer A	107.7	15.1	2021	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven analytics services
Guangxi United*	58.4	8.2	2022	A domestic technology-as-a-service company providing technology development, consultation and services	Data-driven analytics services
Customer B	51.4	7.2	2016	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven analytics services
Customer C	21.2	3.0	2021	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven analytics services

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<u>Customer</u>	<u>Revenue amount</u>	<u>Percentage of total revenue</u>	<u>Business relationship since</u>	<u>Customer background</u>	<u>Solutions and services sold</u>
	<i>(RMB in millions)</i>	<i>(%)</i>			
Customer D	13.3	1.9	2021	A domestic technology-as-a service company providing technology development, consultation and services	Financial & tax digitalization solutions
Total	<u>252.0</u>	<u>35.4</u>	—	—	—

* Guangxi United is our associate company. See “—Data-driven Analytics Services—Risk Management Services—Enterprise Operation Reporting Services.”

<u>Customer</u>	<u>Revenue amount</u>	<u>Percentage of total revenue</u>	<u>Business relationship since</u>	<u>Customer background</u>	<u>Solutions and services sold</u>
	<i>(RMB in millions)</i>	<i>(%)</i>			
<i>For the year ended December 31, 2022</i>					
Customer A	94.5	18.0	2021	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven analytics services
Customer B	35.8	6.8	2016	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven analytics services
Customer E	21.2	4.0	2018	A domestic company providing technology development, consultation and services	Data-driven analytics services

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<u>Customer</u>	<u>Revenue amount</u> <i>(RMB in millions)</i>	<u>Percentage of total revenue</u> <i>(%)</i>	<u>Business relationship since</u>	<u>Customer background</u>	<u>Solutions and services sold</u>
Customer F	17.2	3.3	2018	A domestic technology-as-a-service company providing technology development, consultation and services	Data-driven analytics services
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 analytics services
Total	<u>181.2</u>	<u>34.5</u>	—	—	—

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 analytics services
Customer E	25.0	5.5	2018	A domestic company providing technology development, consultation and services	Data-driven analytics services
Customer F	17.5	3.9	2018	A domestic technology-as-a-service company providing technology development, consultation and services	Data-driven analytics services

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Customer	Revenue amount	Percentage of total revenue	Business relationship since	Customer background	Solutions and services sold
	<i>(RMB in millions)</i>	<i>(%)</i>			
Customer A	14.3	3.1	2021	A domestic private bank providing deposit services, interbank lending and other banking and financial businesses	Data-driven analytics services
Customer H	12.0	2.6	2021	A domestic company providing Financing and IT consulting services	Data-driven analytics services
Total	<u>98.4</u>	<u>21.6</u>	—	—	—

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.

Our Relationship with Customer A

We became acquainted with Customer A through our ordinary business development activities, and 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. During the Track Record Period, we had continued to deepen our business relationship with Customer A, and revenue contribution from Customer A continued to increase from RMB14.3 million in 2021 to RMB94.5 million in 2022 and further to RMB107.7 million in 2023, in line with the increase in the value of financial product sales facilitated by us for Customer A during the Track Record Period, which was primarily attributable to the well-receptiveness of one financial product launched by Customer A. Revenue from Customer A accounted for 15.1%, 55.5% and 51.2% of our revenue from digital precision marketing services in 2021, 2022 and 2023, respectively. Therefore, we are subject to revenue concentration risk with respect to our digital precision marketing services. See “Risk Factors — Risks Relating to Our Business and Industry — We are subject to customer concentration risk with respect to our digital precision marketing services, and if we are unable to maintain business relationship with the relevant customer or develop business relationship with new customers with comparable revenue contribution, our business, financial condition and results of operations may be materially and adversely affected.”

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Our Directors are of the view that our revenue concentration in relation to Customer A will not materially and adversely affect our operations and financial performance for the following reasons:

- According to the F&S Report, the sales of financial products launched by financial service providers in China’s transaction-based big data analytics for SMB financing market often depend on the marketing capability of the big data analytics solution providers to precisely identify potential financial product users with matching financing needs. Our revenue concentration in relation to Customer A primarily related to the facilitation of sales of one credit facility product. In 2021, 2022 and 2023, the value of sales of such financial product facilitated by us was RMB3.3 billion, RMB17.7 billion and RMB22.7 billion, respectively. During the same periods, we were a valued business partner with Customer A. Therefore, we believe our collaboration with Customer A is mutually beneficial to each other’s business, as Customer A’s sales of such financial product were dependent on our precision marketing capabilities to promote such financial product to suitable financial product users on a large scale, and we grew our digital precision marketing services business through facilitating the sales of such financial product to potential financial product users.
- According to the F&S Report, financial service providers in China’s transaction-based big data analytics for SMB financing market have launched a substantial number of credit facility products and loan products that give rise to huge potential market demands for our digital precision marketing services. We have been actively seeking collaboration with alternative financial service providers that offer comparable financial products to sustain our business growth. On the other hand, according to the F&S Report, potential users choose credit facility products and loan products primarily based on interest rates, fee rates and terms of loans and/or credit facilities, rather than the identity of financial service provider that launched the relevant products. As a result, we believe we are able to discover financial products with favorable terms that will be well accepted by potential financial product users to maintain the sustainable growth of our digital marketing services, as demonstrated by the continual increase in the number of financial products that we facilitated in selling with our digital precision marketing services during the Track Record Period from 27 in 2021 to 29 in 2022 and further to 41 in 2023.

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 132 members to provide after-sales service as of December 31, 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

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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. For each year during the Track Record Period, purchases from our top five suppliers accounted for 27.5%, 41.4% and 33.7% of our total purchases in each of 2021, 2022 and 2023, respectively. For each year during the Track Record Period, purchases from our largest supplier accounted for 8.5%, 21.9% and 12.2% 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.

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Supplier	Types of products/ services provided	Purchase amount	Percentage of total purchase	Business relationship since	Supplier background
		<i>(RMB in millions)</i>	<i>(%)</i>		
<i>For the year ended December 31, 2023</i>					
Supplier A	Marketing services	39.6	12.2%	2020	A domestic company providing information transmission, software and IT services especially for SMB financing
Shanghai Shimiao Information Technology Service Co., Ltd.	Marketing services	18.9	5.8%	2021	A domestic company providing financial services
Alibaba Cloud Computing Ltd.	IT services	18.4	5.7%	2016	Software and IT services
Chongqing Qianliu Technology Co. Ltd.	Marketing services	16.8	5.2%	2022	A domestic company providing information transmission, software and IT services especially for SMB financing
Sichuan Jiuhe Rongchuang Information Technology Co., Ltd.	Marketing services	15.9	4.9%	2022	Software and IT services
Total	—	<u>109.6</u>	<u>33.7%</u>	—	—
<i>For the year ended December 31, 2022</i>					
Supplier A	Marketing services	58.4	21.9	2020	A domestic company providing information transmission, software and IT services especially for SMB financing

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<u>Supplier</u>	<u>Types of products/ services provided</u>	<u>Purchase amount</u>	<u>Percentage of total purchase</u>	<u>Business relationship since</u>	<u>Supplier background</u>
		<i>(RMB in millions)</i>	<i>(%)</i>		
Baiwang Jinfu Technology Co., Ltd. (“Baiwang Jinfu”)	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 B	Marketing services	8.5	3.2	2020	A domestic technology company providing science and technology promotion and application services
Total	—	<u>110.5</u>	<u>41.4</u>	—	—

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
Baiwang Jinfu	Technology services	11.3	6.5	2016	A domestic company providing science and technology promotion and application services with respect to information security hardware

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Supplier	Types of products/ services provided	Purchase amount	Percentage of total purchase	Business relationship since	Supplier background
		<i>(RMB in millions)</i>	<i>(%)</i>		
Alibaba Cloud Computing Ltd.	IT services	8.4	4.8	2016	Software and IT services
Beijing Wanzhi Qianhong Technology Co., Ltd	Technology services	7.4	4.3	2018	A domestic technology company providing science and technology promotion and application services
Supplier C	Data services	5.8	3.4	2018	A domestic technology company providing science and technology promotion and application services
Total	—	<u>47.8</u>	<u>27.5</u>	—	—

Baiwang Jinfu, a joint venture of Watertek, was one of our top five suppliers in 2021 and 2022, and our purchases from Baiwang Jinfu were RMB11.3 million, RMB17.2 million and RMB6.2 million, respectively, accounting for 6.5%, 6.5% and 1.9% of our total purchases in the same periods, respectively. During the Track Record Period, we primarily procured technology and maintenance services relating to on-premises solutions from Baiwang Jinfu to take advantage of its local service force. Our purchases from Baiwang Jinfu generally increased in 2021 and 2022, which was consistent with our business growth. Our purchases from Baiwang Jinfu decreased in 2023, because we established our local service force and reduced reliance on Baiwang Jinfu’s services. Our transactions with Watertek and Baiwang Jinfu were conducted in the ordinary course of business at arm’s length with reference to and in consistence with market prices and terms of comparable products and services. 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, RMB10.8 million and RMB18.4 million in 2021, 2022 and 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.

In 2021, 2022 and 2023, Supplier C was also our customer for cloud financial & tax digitalization solutions and on-premises financial & tax digitalization solutions, with revenue contribution of RMB10.2 million, RMB3.1 million and RMB2.3 million, respectively. In 2022

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and 2023, Supplier A was also our customer for digital precision marketing services, with revenue contribution of RMB0.6 million an RMB2.0 million in the same periods, respectively. Negotiations of the terms of our sales to and purchase from Supplier C 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 Supplier C and Supplier A were conducted in the ordinary course of business under normal commercial terms and at arm’s length.

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.

- *Tax invoice compliance management solutions.* We collect contact, account and device information of individuals affiliated with our customers for service provision purposes. We do not provide such personal information to third parties.
- *Financial and tax management solutions.* We collect contact, account and device information of individuals affiliated with our customers for service provision purposes. We do not provide such personal information to third parties or use such information for data mining or personalized recommendation.
- *Supply chain collaboration solutions.* Similar to aforementioned solutions, we primarily collect contact, account and device information of individuals affiliated with our customers 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 analytics services.* We collect the names, personal identification numbers and contact information primarily for service provision purposes.

Non-paying users of our complimentary applications generally need to provide us with the names of their companies and their tax identification numbers to use our applications, and they do not need to provide any personal information to use our complimentary applications. With the deepened implementation of digital invoice reform, we help our non-paying users

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connect to the Digital Invoice Service Platform with our upgraded complimentary applications. When the non-paying users issue digital invoices using our complimentary applications for the first time, they provide contact information, including normally the mobile phone numbers, of their legal representatives and/or financial officers as required by the Web-based System.

In each of the above scenarios, the ownership of the personal information and data remains with the individuals themselves, and we would obtain explicit consent from the relevant individuals 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 individuals. 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 analytics services. 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 analytics services, 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 Management 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. We will store personal information until the user terminates their service agreement with us, or until the agreement is terminated, whether due to expiration or account cancellation, unless otherwise stipulated by PRC laws and regulations. Upon termination of service or account cancellation, we will delete or anonymize personal information, unless the duration of retention of personal information is otherwise stipulated by law.

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 tax invoice compliance management solutions, we primarily obtain invoice information and basic enterprise profile primarily from the enterprise

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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 analytics services, 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 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 commences from the time of user authorization and does not terminate unless the user de-registers or withdraws consent. For non-paying users of our products and solutions, we will delete such users' transaction and personal information within 15 days if such users de-register for our services, withdraw consent or otherwise request us to delete their transaction and personal information. For paying customers of our products and solutions, when our service agreement terminates upon expiration or customer election, we will negotiate a timeframe to complete transaction and personal data deletion, and shall complete data deletion within the negotiated timeframe.

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

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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.

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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 analytics services 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 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 examination, warning, interview, or similar notice in such respect. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any penalty, 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. Based on the foregoing, as advised by our PRC Legal Advisor, we had complied with PRC laws and regulations on data security, personal information protection and cybersecurity in all material respects during the Track Record Period and up to 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 RMB7.9 million, RMB16.0 million and RMB16.5 million in 2021, 2022 and 2023, respectively, accounting for 1.7%, 3.0% and 2.3% 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

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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. During the Track Record Period, none of the software products downloadable from our website was developed or maintained by third-party developers.

SUSTAINABILITY OF OUR BUSINESS

Since our inception, we have achieved improvement in our results of operations and asset position. Our revenue increased from RMB453.8 million in 2021 to RMB525.8 million in 2022 and further to RMB713.0 million in 2023, primarily attributable to our business growth, especially with respect to our data-driven analytics services. However, we incurred net losses of RMB448.4 million, RMB156.2 million and RMB359.3 million in 2021, 2022 and 2023, respectively. Our gross profit margin decreased from 47.6% in 2021 to 40.8% in 2022, primarily due to the margin erosion of digital precision marketing services. Our gross profit margin decreased to 39.6% in 2023, primarily due to the combined effect of (1) the significant increase in staff costs in 2023, as a result of the increase in our employee headcount; (2) the increase in share-based payment expenses for our service personnel; and (3) 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. Our net loss margin fluctuated during the Track Record Period, which decreased from 98.8% in 2021 to 29.7% in 2022, mainly due to the decrease in fair value loss of financial liabilities at FVTPL, and increased to 50.4% in 2023, primarily driven by the increases in our share-based payment expenses and staff costs. Our adjusted net loss (non-IFRS measure) increased from RMB16.7 million in 2021 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) further increased to RMB83.4 million in 2023, primarily due to 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.

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

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sustainable recurring revenue growth outpaces operating costs and expenses, as a result of a greater economy of scale and synergies in customer retention and product development. For these reasons, similar to other SaaS solution providers, the breakeven period for service providers in the relatively niche market of financial and tax-related transaction digitalization 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 utilizing our data assets and refining our data analytics capabilities to develop our data-driven analytics services. Therefore, similar to our financial & tax digitalization solutions, we have incurred substantial upfront research and development expenses in improving our data-driven analytics services. Moreover, for our digital precision marketing services, we primarily collaborated with 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.

To pave the way for long-term success in the fast-growing markets that we operate in, 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. Going forward, we aim to achieve profitability by (1) leveraging market opportunities and favorable government policies to grow our financial & tax digitalization solutions, (2) retaining existing KA customers and expanding our customer base, (3) increasing cross-sales and up-sales of our solutions and services, (4) improving profit margin of digital precision marketing services, (5) optimizing operations and increasing economies of scale and cost-efficiency, and (6) improving operating cash flow position.

Leveraging Market Opportunities and Favorable Government Policies to Grow Our Financial & Tax Digitalization Solutions

As China’s financial and tax-related transaction digitalization market continues to develop, significant market opportunities continue to emerge in the market, especially in light of the implementation of the digital invoice reform. See “Industry Overview—China’s Financial and Tax-related Transaction Digitalization Market—Background of China’s Financial and Tax-related Transaction Digitalization—History of Golden Tax Project in China.” According to the F&S Report, the Fourth Phase of the Golden Tax Project is expected to generate market opportunities of around RMB7.0 billion in 2025, which are expected to increase gradually through the years from 2025 to 2028 and reach around RMB16.0 billion in 2028. We believe we are well-positioned to seize the upside market potential brought by the digital invoice reform with (1) our first-mover advantage as a service provider for the SAT; (2) technological strength accumulated through prior provision of financial & tax digitalization solutions; and (3) customer resources accumulated through prior solution and service offerings.

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First-mover Advantage as a Service Provider for the SAT

We, together with another software and technology company, which is a Chinese state-owned enterprise specializing in the provision of IT infrastructure services, such as those in relation to operating system and database, were the joint bid-winner, joint developer and the exclusive service providers for the SAT in relation to the system application development of the Digital Invoice Service Platform. Therefore, we are well-versed in the operational mechanisms of digital invoices and possess business development advantages. Keen to the trend of the digital invoice reform, we have therefore front-loaded preparational work, including the R&D and staff recruitment and training, in relation to the digital invoice reform and achieved first-mover advantage.

Technological Strength Accumulated through Prior Provision of Financial & Tax Digitalization Solutions

According to the F&S Report, the Digital Invoice Service Platform consists of two systems: the Direct Connection System, also known as the Natural System (樂企), and the Web-based System. See “Industry Overview—China’s Financial and Tax-related Transaction Digitalization Market—Background of China’s Financial and Tax-related Transaction Digitalization—History of Golden Tax Project in China” for details. For large conglomerates and qualified enterprises to be connected with the Direct Connection System who elect to use our on-premises solutions, we help such customers to construct and deploy a digital invoice management system, which contains a direct connection engine, to effectuate connection with the Direct Connection System. Furthermore, as of December 31, 2023, our tax invoice compliance management solutions and financial and tax management solutions had been upgraded to become fully compatible with the use and management of digital invoices. See “Business—Cloud Financial & Tax Digitalization Solutions.” Our tax invoice compliance management solutions, offered to customers as cloud solutions and through its direct connection engine, enable customers to connect with the Direct Connection System and use our digital invoice services. If an enterprise customer elects to connect with the Web-based System, our tax invoice compliance management solutions, utilizing a web connection engine, enable such customer to connect with the Web-based System and use our digital invoice services.

We have accumulated substantial solution delivery and R&D experiences from prior offerings of financial & tax digitalization solutions to customers of various industry verticals, and have upgraded our financial & tax digitalization solutions to adapt to the digital invoice regime. Our tax invoice compliance management solutions enable customer to connect with either the Direct Connection System or the Web-based System depending on customers’ needs and provide value-added digital invoice services through our cloud solutions. Moreover, during the provision of our on-premises solutions for customers to connect with the Direct Connection System, our deploying process involves various degrees of customization based on customer needs, and our prior experiences in solution customization and on-premises deployment are thus transferrable and allow us to better understand and meet customer demands.

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Customer Resources Accumulated through Prior Solution and Service Offerings

Our existing KA and mid-market customer base and customers of on-premises solutions represent the rich customer resources that we can tap into during the digital invoice reform. As of April 30, 2024, a total of 189 customers had entered into service contracts with us for system upgrade and connection to the Direct Connection System with revenue contribution of around RMB10 million as of April 30, 2024 based on our unaudited and unreviewed management accounts of which 84 customers had previously purchased our cloud and on-premises financial & tax digitalization solutions.

We believe our first-mover advantage as a service provider for the SAT to develop the Digital Invoice Service Platform and successful system construction and connection experiences will attract more businesses to use our financial & tax digitalization solutions for their smooth transition into the digital invoice regime. As of April 30, 2024, 105 new customers entered into service contracts with us for system upgrade and connection to the Direct Connection System, which had not previously purchased our cloud or on-premises financial & tax digitalization solutions.

Based on the above, we believe the digital invoice reform will bring us continuous business opportunities. As of April 30, 2024, the contract value of our projects for system upgrade and connection to the Direct Connection System was RMB106.1 million. We also expect to generate from customers stable revenue stream of annual software subscription fees from our cloud solutions and annual maintenance fees from our on-premises solutions after their systems are connected to the Direct Connection System.

For our non-paying users, we have upgraded our complimentary applications for their connection to the Web-based System through our applications. As of April 30, 2024, over 3.1 million of our non-paying users had connected to the Web-based System using our upgraded complimentary applications. We believe increasingly more and more non-paying users will elect to transition into the digital invoice regime using our complimentary applications. We will continue to serve these non-paying users to enhance our data assets and explore up-selling and other business opportunities.

We expect our service expansion in connection with the digital invoice reform will bring us improved profitability. See “—Optimizing Operations and Increasing Economies of Scale and Cost-Efficiency—Strategic Front-loading Preparational Work for the Digital Invoice Reform” for details on the impact of digital invoice reform and our early preparational work on future trend of our cost and profit margin.

Retaining Existing KA Customers and Expanding Our Customer Base

During the Track Record Period, the number of our KA customers increased from 205 in 2021 to 217 in 2022 and further increased to 366 in 2023. The dollar-based retention rate for our KA customers of cloud financial & tax digitalization solutions was 119.7%, 104.4% and 146.7% in 2021, 2022 and 2023, respectively. As of December 31, 2023, 88 of our top 100 KA

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customers in terms of revenue contribution in 2021 remained with us. The number of our mid-market customers increased from 12,163 in 2021 to 14,591 in 2022, and surged to 20,734 in 2023, as a result of our focus on expanding our customer outreach to mid-market customers. On the other hand, in 2021, 2022 and 2023, we served 91, 101 and 134 customers with our data-driven analytics services, respectively.

We have implemented and will continue to strengthen our direct sales team with strategic focus on key industries and geographic regions.

Strategically Focusing on Key Industries

We believe that customers of our financial & tax digitalization solutions span across most major industry verticals in China. We have strategically focused our direct sales efforts on developing and retaining customers in key industries that we historically developed competitive edges and that are identified by our management as having great market opportunities, such as banking and insurance, lifestyle services, retail and manufacturing, and logistics, and further enhanced our presence in existing industry verticals. Although our cloud solutions are not industry-specific, industry-specific marketing strategies and product customization are essential for our customer retention. Specifically, we intend to prioritize our marketing efforts in the following industry verticals:

- *Banking and insurance industries.* We have accumulated extensive experiences serving leading banking and insurance companies, including all six major state-owned banks in China, 9 of the 12 national joint-stock commercial banks in China, and more than 130 insurance companies among the top 176 insurance companies in China ranked by the Research Institute of China Insurance in 2023. We are well-positioned to retain and develop customers in the banking and insurance industries, as demonstrated by our continuous relationship with the six major state-owned banks during the Track Record Period (factoring into their substantial costs to switch to other service providers); and the increase in the contract value with customers operating in banking and insurance industries from RMB41.5 million in the four months ended April 30, 2023 to RMB49.6 million in the four months ended April 30, 2024.
- *Lifestyle services industry.* We have accumulated substantial experiences in serving companies in the lifestyle services industry, especially the hotel and catering industries. Our customers included five hotel brands among the top 10 hotel brands in terms of operation scale ranked by qcc.com, and six catering companies among the top 20 influential catering companies ranked by the Red Eagle Awards. Our solutions and services address pain points encountered by the lifestyle services industry. For instance, hotels and restaurants typically have long operation hours, which requires high sustainability of their internal financial and tax management systems, and the scalability of our technology infrastructure enables us to offer stable and reliable services to support their operations. The contract value with customers in the lifestyle services industry increased from RMB3.5 million in the

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four months ended April 30, 2023 to RMB8.1 million in the four months ended April 30, 2024. Going forward, we plan to further enlarge our market share in the lifestyle services industry through strategic cooperation with leading industry platforms. For instance, in the catering industry, through cooperation with certain leading digitalized service platform and hotel system service provider, we served more than 300 restaurants and 800 hotels, respectively.

- *Retail and manufacturing industries.* Four of the top five enterprises in the home appliances industry ranked by Fortune China are our customers. Retail and manufacturing companies are in huge demand for inventory and sales volume monitoring capacity and automated reconciliation and payment settlement capability. Accordingly, we devised our supply chain collaboration solutions and achieved coverage of massive supply chain participants, of 33.7 million and 35.6 million seller-side enterprises and 90.2 million and 93.8 million buyer-side enterprises as of December 31, 2023 and April 30, 2024, respectively, to enable our customers in the retail and manufacturing industries to effectuate automatic supplier monitoring, payment reconciliation and settlement and invoice management. In the four months ended April 30, 2024, the contract value with customers in the home appliances, high-tech and chemical industries was RMB3.3 million, as compared to RMB1.7 million in the four months ended April 30, 2023.
- *Logistics industry.* According to Frost & Sullivan, we have served seven out of top ten listed logistics companies with principal business operations in China ranked by Oriental Fortune. We have innovated product function of logistics service fee settlement to adapt to customer needs arising from their massive network of local offices and branches. As the digital invoice reform deepens, such industry customers will have further needs for tax management for their local offices and branches, automatic risk detection, and automatic accounting entry collection. As of April 30, 2024, we completed system deployment with our financial and tax digitalization solutions for three logistics enterprises with functions of tax data sharing and logistics service fee settlement, connecting approximately 10,000 local offices of these companies for unified tax invoice management. We are in the process of system development for the other four major logistics companies served by us. In the four months ended April 30, 2024, the contract value with customers in the logistics industry was RMB3.0 million.

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The following table sets forth the revenue contribution by KA customers operating in the key industries identified by us during the Track Record Period, both in absolute amount and percentage of our total revenue from cloud financial & tax digitalization solutions.

Industry Verticals*	Year ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands)					
Banking and insurance industries	16,598	10.6	18,355	11.6	25,153	11.5
Lifestyle services industry	26,666	17.0	17,092	10.8	39,097	17.8
Retail and manufacturing industries	12,060	7.7	12,398	7.8	29,765	13.6
Logistics industry	7,746	5.0	8,492	5.4	5,678	2.6
Others ⁽¹⁾	93,545	59.7	101,659	64.3	119,846	54.6
Total revenue from cloud financial & tax digitalization solutions	156,615	100.0	157,996	100.0	219,539	100.0

* Industry categorization of KA customers is derived from publicly available information about the relevant KA customers.

(1) Includes revenue from KA customers not in the above-enumerated industries and revenue from mid-market customers.

Setting Up Regional Sales Network

We plan to build and scale up our sales network in southwestern, central, northwestern and northeastern China, and prioritize our outreach efforts in cities in each region that actively roll out policy initiatives to implement the recent development of Golden Tax Project and the digital invoice reform to establish a nationwide sales network. The following table sets forth the number of our KA customers and their revenue contribution in each of the respective regions for the periods indicated.

Regions*	Number of KA Customers			Revenue Contribution from KA Customers		
	2021	2022	2023	2021	2022	2023
	(RMB in thousands)					
Southwestern	14	14	27	4,519	4,073	6,655
Central	11	13	36	3,591	5,628	15,517
Northwestern	6	7	15	864	4,494	4,115
Northeastern	4	3	5	1,649	902	1,312
Subtotal	35	37	83	10,623	15,097	27,599
As a percentage of total KA customers (%)	17.1	17.1	22.7	8.2	11.8	14.5

* The geographic regions of KA customers are determined by reference to the provinces in which they are registered.

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See also “Future Plans and [REDACTED]” for our plans to build and scale up sales network in southwestern, central, northeastern and northwestern China.

Increasing Cross-sales and Up-sales of Our Solutions and Services

We have been able to expand our customer base and increase their spending on our solutions and services, as demonstrated by the following data points.

- In 2021, 2022 and 2023, 118, 129 and 235 of our KA customers subscribed to more than one solution among tax invoice compliance management solutions, financial and tax management solutions and supply chain collaboration solutions, accounting for 57.6%, 59.4% and 64.2% of the total number of our KA customers in the same periods, respectively.
- In 2021, 2022 and 2023, 80, 100 and 165 of our KA customers subscribed to our data-driven analytics services and/or on-premises solutions, accounting for 39.0%, 46.1% and 45.1% of the total number of our KA customers in the same periods, respectively.
- In 2021, 2022 and 2023, more than 50% of our top 100 customers, in terms of revenue contribution, subscribed to more than one solution or service among our cloud financial & tax digitalization solutions, data-driven analytics services and on-premises solutions.

Moreover, for our enterprise operation reporting services, we strategically lowered the unit price charged for each enterprise included in the enterprise operating reports in order to incentivize more customer subscription and service usage, and our favorable pricing package has caused an increase in average revenue per customer of our enterprise operation reporting services, which increased from RMB1.9 million in 2021 to RMB2.0 million in 2022 and further to RMB2.3 million in 2023. User resources from our digital precision marketing services also contributed to the growth of our enterprise operation reporting services. In 2022, the number of enterprises included on our enterprise operation reports increased by 0.2 million, of which 49% were financial product users for our digital precision marketing services. In 2023, the number of enterprises included on our enterprise operation reports increased by 1.1 million, of which 15% were financial product users for our digital precision marketing services. The following table sets forth the number of enterprises included on our enterprise operation reports that were attributed to our digital precision marketing services during the Track Record Period.

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	The number of financial product users of our digital precision marketing services that were not previously included on our enterprise operation reports (A)	Among (A), the number of enterprises included on our enterprise operation reports (B)	The total number of viewing requests fulfilled for (B)
2021	119,719	63,230	82,557
2022	193,828	114,451	182,565
2023	256,959	161,446	265,200

Further, with our risk analytics services, we devise and configure online risk management systems for financial service providers based on their risk preferences. In 2023, we deepened collaboration with one of the customers of our risk analytics services, and leveraging our risk modelling and analysis capabilities, we helped the financial service provider devise application criteria for its financial product, which was exclusively marketed by us. See “—Improving Profit Margin of Digital Precision Marketing Services—Deepening Collaboration with Financial Service Providers” for details.

Improving Profit Margin of Digital Precision Marketing Services

During the Track Record Period, we generated a substantial portion of our revenue from digital precision marketing services, accounting for 20.9%, 32.4% and 29.5% of our total revenue in 2021, 2022 and 2023, respectively. However, the gross profit margin of our digital precision marketing services decreased from 30.7% in 2021 to 8.4% in 2022 and further to 7.0% in 2023, primarily because we incurred substantial referral fees to expand the business scale of our digital precision marketing services and to continue to engage marketing agents. We incurred referral fees for our digital precision marketing services of RMB64.2 million, RMB153.6 million and RMB193.4 million in 2021, 2022 and 2023, respectively. Our average referral fee ratio for credit facility products with marketing agents was 0.37%, 0.51% and 0.47% in 2021, 2022 and 2023, respectively. Our average referral fee ratio for loan products with marketing agents was 0.71%, 0.78% and 0.77% in 2021, 2022 and 2023, respectively. The number of our marketing agents was 299, 511 and 666 as of December 31, 2021, 2022 and 2023, respectively. The number of financial product users referred by our marketing agents that ultimately submitted applications for financial products was 109.7 thousand, 160.9 thousand and 182.9 thousand in 2021, 2022 and 2023, respectively.

To improve our profitability of digital precision marketing services, we have implemented the following measures: (1) deepening collaboration with financial service providers, (2) improving capability to directly reach potential financing product users, and (3) optimizing the mix of financial products marketed by us.

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Deepening Collaboration with Financial Service Providers

According to Frost & Sullivan, SMBs in China generally face difficulty in obtaining loan financings, and the majority of loan options available to them is collateral-secured loans, while SMBs typically have little resources to provide collaterals that are acceptable for financial service providers in China. Therefore, credit-based loan products are well accepted by SMBs; however, credit-based lending poses difficulty for financial service providers to accurately identify SMB users with the capability to repay loan obligations.

We have commenced collaboration with financial service providers that are customers of our risk analytics services to co-design credit-based loan products. As their risk analytics service provider, we are familiarized with their risk preference and risk control system, which enables us to better advise them on characteristics of the loan products to be launched, such as the total value, application criteria, terms and target users of the loan products. Specifically, leveraging our expertise in tax invoices, we assist the financial service providers to devise application criteria tailored to their target users, which typically includes the number of tax invoice issuance within a certain period and the corresponding tax invoice amount, the fluctuation in tax invoice issuance, and customer and geographical concentration as reflected in tax invoices. The criteria is set to test on the financial and operational wellbeing of a loan product user, which helps the financial service providers to lower default rate for such loan products. Therefore, such tax invoice-based loan products are not only popular among SMB loan product users for their lack of access to other loan product options, especially the collateral-based loans, but also well accepted by financial service providers for their effectiveness in achieving credit-based risk control.

Through the loan product co-designing, we usually obtain certain exclusive marketing rights with respect to the co-designed loan products, and the maximum value of loan product sales to be conducted by us as allowed by the financial service providers for such loan products is likely to be higher than other loan products that we have no role in designing. Moreover, such exclusive rights to market the loan products allow us to gain more bargaining power in negotiating favorable referral fee ratios with marketing agents.

Furthermore, we are also more likely to successfully facilitate loan product sales for such co-designed loan products. As we participate in devising the application criteria for the loan products, we can more accurately determine whether a particular application will be approved by the financial service providers, thus improving the success rate for application submitted through us and increasing the value of loan product sales facilitated by us.

In 2023, a pilot loan product exclusively marketed by us demonstrated improved profitability as compared to other financial products marketed by us. The sales value of such pilot product facilitated by us was RMB477.6 million in 2023, and although the service fee ratio granted to us by the financial service provider was 1.18%, slightly lower than our average service fee ratio of 1.33% for loan products granted to us by the financial service providers in 2023, our referral fee ratio with marketing agents for the pilot product was 0.58%, as compared to our average referral fee ratio for loan products with marketing agents of 0.77% in 2023.

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Based on our unaudited management accounts of 2023, we achieved profit margin of around 50% for such pilot product, calculated by the revenue from such pilot product subtracting the relevant referral fees, both as recorded on our management accounts, divided by the revenue from such pilot product and multiplied by 100%, based on the assumption that the cost of sales incurred in facilitating such loan product sales were referral fees paid to marketing agents engaged by us only. Pursuant to the same calculation method, our average profit margin for loan products was 41.8% in 2023, and our average profit margin for loan products other than the pilot product was 39.6% in the same year. We have accumulated valuable experience in co-designing and marketing such pilot product. We are currently working with five other financial service providers for the development of financial products to be exclusively marketed by us. With one of such financial service providers, we won the bid to co-design financial product in May 2024, and we are under ongoing discussion with the other four financial service providers regarding our collaboration to co-design financial products.

Improving Capability to Directly Reach Potential Financial Product Users

We have innovated the method to reach potential financial product users without involvement of marketing agents. We have launched an internal system to screen qualified potential financial product users based on transaction and invoice data of such users. Our internal system uses transaction and invoice data authorized for access by users of our financial & tax digitalization solutions, conducts analysis of such users’ risk profile and potential financing needs and compares analysis results to terms of various financial products marketing by us. Once we determine potential financial product users are eligible to apply for certain financial products, our telemarketing team would make phone calls to such potential users and promote financial products. With the deepened implementation of digital invoice reform, we help a substantial number of our non-paying users connect to the Digital Invoice Service Platform with our upgraded complimentary applications. See “—Leveraging Market Opportunities and Favorable Government Policies to Grow Our Financial & Tax Digitalization Solutions” for details. We have obtained consent from these non-paying users to conduct promotional activities for financial products launched by financial service providers with their contact information. As of April 30, 2024, over 3.1 million of our non-paying users had connected to the Web-based System through our upgraded complimentary applications, which are potential telemarketing targets for our digital precision marketing services.

During the traditional marketing process through marketing agents, after marketing agents identify potential users with financing needs, usually by paying on-site visits to potential users, and collect and refer relevant application information of such users to us, and we run preliminary analysis as consented by the users based on such information, we may find such users are not qualified for financial product application. Such cumbersome process not only drive up the referral fee ratios granted by us to marketing agents but also incur additional transactional costs and burden for us without rendering actual financial product sales. With our data assets and data analytics capabilities, we can precisely identify users with financing needs that are eligible for financial product application, after obtaining necessary consent of our users, and through our in-house or outsourced telemarketing team, we can reach such users without involvement of marketing agents. After negotiation with the six financial service

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providers we have been working with for the development of financial products to be exclusively marketed by us as discussed above, we currently plan to utilize our new system and telemarketing promotional method to promote such financial products. We have given training sessions to our existing telemarketing team of our cloud financial & tax digitalization solutions to familiarize them with the telemarketing of financial products, and as of April 30, 2024, we had built a telemarketing team for our digital precision marketing services of approximately 110 members.

Optimizing the Mix of Financial Products Marketed by Us

We have prioritized promoting financial products with higher profit profile. Although the financial product users retain the ultimate discretion in choosing which products to apply for, we may prioritize marketing financial products with higher profit profile for us. Specifically, when we generate the list of financial products that users are eligible to apply for, we will prioritize demonstration of those products with higher profit profile. In addition, as we generally designate financial products to be marketed by marketing agents, we will also engage more marketing agents to market financial products with higher profit profile. As a result of the above measures, our average service fee ratio with financial service providers increased from 0.54% in 2023 to 0.57% in the four months ended April 30, 2024. Considering the intense market competition among industry participants in China’s big data analytics for SMB financing market, we expect the service fee ratio with financial service providers to remain relatively stable for the year of 2024.

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. We expect our future costs and operating expenses to decrease as a percentage of our total revenue for the following reasons: (1) strategic front-loading of preparational work for the digital invoice reform, (2) improvement of business collaborator network efficiency and (3) adjustment of recruitment strategy. See “—Improving Profit Margin of Digital Precision Marketing Services—Improving Capability to Directly Reach Potential Financial Product Users” for measures adopted to reduce future referral fees. With these measures, we saw an improvement in our cost efficiency. In 2023, our costs of sales, net of share-based payment expenses, accounted for 58.6% of our total revenue in the same year, as compared to 58.9% in 2022. In 2023, our operating expenses, net of share-based payment expenses, accounted for 53.6% of our total revenue in the same year, as compared to 58.6% in 2022.

Strategic Front-loading Preparational Work for the Digital Invoice Reform

Since the launch of digital invoice reform in 2021, we have invested significant resources in building up R&D and technology capabilities in response to the adoption of digital invoices, and as of December 31, 2023, our tax invoice compliance management solutions and financial and tax management solutions had been upgraded to become fully compatible with the use and management of digital invoices, which are able to serve both existing customers of e-invoices

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and customers of digital invoices. Therefore, we do not expect to incur substantial R&D expenses in connection with our service expansion for the digital invoice reform to serve customers through our cloud solutions.

Foreseeing growing customer demand for on-premises solutions to connect with the Direct Connection System, we expanded our operation and support team from 187 as of December 31, 2022 to 326 as of December 31, 2023 up front to deliver our on-premises solutions. As of April 30, 2024, we had delivered 22 projects to enable customers to connect with the Direct Connection System and had been working on over 100 projects through our on-premises solutions, through which our operations and support team had gained valuable experiences and expertise. As a result of these upfront efforts, we do not need to further expand our operations and support team in the near future and do not expect to incur substantial staff costs in relation to our service expansion for the digital invoice reform to serve customers through our on-premises solutions.

Moreover, as the digital invoice issuance process through the Direct Connection System and the Web-based System can be completed without using the information security hardware, we expect a substantial decrease in hardware costs going forward.

Improving the Efficiency of Business Collaborator Network

We have utilized the platform and local resources of our business collaborators to reach markets where our direct sales and marketing team find difficult to reach. We plan to increase revenue attributable to business collaborators by developing more platform-based business collaborators and streamlining structure of our business collaborator network.

Through our collaboration with Taobao, we have gained experience collaborating with large platforms to extend our user outreach. Going forward, we plan to develop more business collaborators that are platform-based or specialized in industrial internet and e-commerce for more cost-effective user acquisition.

We also plan to further streamline the structure of our business collaborator network by designating provincial-level head of business collaborators, which are responsible for developing other regional business collaborators. The multi-tiered business collaborator network will feed sales leads to our direct sales team. For sales leads that are successfully converted into customer resources by us, we will pay commission fees to the relevant business collaborator. Therefore, even if our business collaborator network may expand as a natural progression of our business growth, we do not expect to incur substantial upfront sales and marketing expenses in connection with our business collaborator network, as our payment obligations arise only when there are actual solution or service sales. Further, as business collaborators may help with provision of certain on-site technology support services and maintenance services for our users and customers, we could reduce the corresponding costs and expenses if we were to provide such services by our in-house teams.

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Adjusting Recruitment Strategy

We incurred significant employee benefit expenses to recruit and retain skilled personnel, which increased from RMB299.3 million in 2021 to RMB321.7 million in 2022, and further increased to RMB427.5 million in 2023, primarily due to the expansion of our workforce. Our employee benefit expenses, without factoring into share-based payment expenses, accounted for 66.0%, 61.2% and 60.0% of our total revenue in 2021, 2022 and 2023, respectively. Going forward, we do not expect to incur substantial employee benefit expenses for solution delivery and R&D in connection with the digital invoice reform. See “—Strategic Front-loading Preparation for the Digital Invoice Reform” for details.

To control our employee benefit expenses, we have also implemented recruitment strategy to introduce high-quality talents in place of employees with low performance and efficiency. For instance, we have been recruiting young talents with excellent academic credentials as graduate trainees to replace more highly paid personnel who underperform. We implemented this recruitment strategy in our sales, R&D and operations and support teams, and we achieved cost cut of RMB3.4 million per month in the three months ended March 31, 2024.

Improving Operating Cash Flow Position

Our net cash used in operating activities was RMB14.0 million, RMB64.3 million and RMB99.3 million in 2021, 2022 and 2023, respectively. Our net 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, and 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, (3) our budget control and optimization of operating expenses, and (4) 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. To this end, we will require our sales management department to review sales forecasts and expected receivable conditions weekly, clarify reasons for non-payment and promptly follow-up on their resolutions. We will also require the project delivery department to conduct inspections of ongoing projects and actively negotiate solutions with customers with payment issues. Depending on the nature of payment issues (i.e., customer relations or defects in products or services), we will require the sales or project delivery department, as appropriate, to take charge of resolving the matter. We will also evaluate projects that are considered high-value

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and/or high-risk, and require them to be handled by dedicated customer service team so that we can focus on specific payment issues to mitigate risks and ensure customer payment. For details of the aging analysis of our trade receivables during the Track Record Period, see “Financial Information—Discussion of Major Items of Consolidated Statements of Financial Position—Trade Receivables.” In addition, we expect to fund our operations with [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.”

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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 18 patents registered in China, including 16 invention patents and two design patents, as well as 58 pending invention patent applications. We also held 234 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

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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, other than the pending intellectual property litigation disclosed in “Business—Legal Proceedings and Compliance,” we were not involved in any intellectual property infringement actions brought by third parties with a claim amount of over RMB1.0 million.

EMPLOYEES

As of December 31, 2023, we had 1,020 full-time employees, all located in China. The following table sets forth the number of our employees by function as of December 31, 2023.

Function	Number of Employees	% of Total
Management and administration	72	7.0
R&D	372	36.5
Operations and support	326	32.0
Sales and marketing	250	24.5
Total	1,020	100.0

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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.

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PROPERTIES

As of the Latest Practicable Date, we leased properties with a gross floor area of approximately 10,059.11 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, warehouses and staff dormitories.

As of the Latest Practicable Date, we operated our businesses through 26 leased properties in Beijing, Guangzhou, Shanghai, Nanjing, Shenzhen, Hangzhou, Qingdao, and Chengdu, with a total gross floor area of approximately 10,059.11 square meters.

Our lease agreements in respect of the abovementioned 26 leased properties generally have expiration dates ranging from July 31, 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 10,059.11 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

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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, nine 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 782 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.

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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
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.

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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. We will apply for renewal of our licenses and permits prior to their expiration, and we do not foresee any legal impediment for the renewal of our certifications that are about to expire in December 2024.

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.

<u>Awarding Year</u>	<u>Award/Recognition</u>	<u>Awarding Organization</u>
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.
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)	<i>Internet Weekly</i> 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)	<i>People's Daily Online</i>

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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. 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 maximum monetary damage associated with this pending patent infringement case is expected to be approximately RMB7 million, calculated based on the maximum amount subject to the claims and potential legal expenses sought from 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 in the event that we are required to cease the usage of such patent or become subject to the maximum monetary damages, 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. The other pending litigation was filed by one of our equity investees in 2024, in which the plaintiff demanded us to fulfill our obligation for a capital contribution of RMB1.05 million and compensate the plaintiff for loss of interest. The maximum potential damage associated with this pending dispute is expected to be approximately RMB1.05 million, calculated based on the maximum amount subject to the claims and potential legal expenses sought from us. While we intend to defend these lawsuits vigorously and believe that we have valid defenses, there can be no assurance that a favorable outcome will be obtained. However, considering the nature of these lawsuits and the amount of subject matters thereof, our Directors are of the view that the total liabilities could be incurred resulting from the event of losing all of these lawsuits will not have material adverse impact on our business, financial condition and results of operations. As of the Latest Practicable Date, there had been no court rulings on this pending litigation. 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.

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ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE POLICIES

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 our 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 our 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. 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.

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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.

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- **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 listing 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.

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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 Policies

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 our 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.

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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, 2023.

Scope of Greenhouse Gas Emissions	Emission Sources	Unit	2021	2022	2023
Scope 1 emission ⁽¹⁾	Combustion of petrol for vehicle ⁽²⁾	tCO ₂ e	13.64	13.54	13.89
Scope 2 emission ⁽³⁾	Purchased electricity	tCO ₂ e	142.71	149.68	161.39
Scope 3 emission ⁽⁴⁾	Paper waste disposal	tCO ₂ e	0.30	0.33	0.35
	Electricity used for freshwater and sewage treatment	tCO ₂ e	0.34	0.37	0.45
	Business air travel ⁽⁵⁾	tCO ₂ e	N/A	N/A	339.91
Total		tCO ₂ e	156.99	163.92	515.99
Intensity		tCO ₂ e/million RMB revenue	0.35	0.31	0.74

(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, 2023 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 2021 to 2023.

(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.

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- (4) We rely on third-party cloud storage and external bandwidth to operate our business. The primary Scope 3 emissions of our Group, outside of paper waste disposal, freshwater and sewage treatment, and business air travel, 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. For Scope 3 emissions from paper waste disposal and freshwater and sewage treatment, relevant emissions are calculated as pursuant to Appendix 2 of “How to Prepare an ESG Report” set out by Hong Kong Exchanges and Clearing Limited.
- (5) CO₂ emissions from the Group’s business air travels were reported in accordance with the International Civil Aviation Organization (ICAO) Carbon Emission Calculator. Due to the COVID-19 pandemic, there was minimal instances of business air travel from 2020 to 2022 and our Group has not kept records of business air travel. For 2023, the effects of COVID-19 pandemic have largely subsided and we have resumed business air travel for meeting with business partners and clients.

Resources Consumption

We mainly consumed electricity and petrol for a rented car used for business purposes during the three years ended December 31, 2023. The following table shows our total consumption of gasoline and electricity for the three years ended December 31, 2023.

	Unit	2021	2022	2023
Gasoline Consumption for Vehicle⁽¹⁾	Liter	5,110.01	5,072.01	5,204.46
Gasoline Consumption Intensity	Liter/million RMB revenue	11.26	9.65	7.43
Electricity Consumption	kWh	245,620	257,628	282,997
Electricity Consumption Intensity	kWh/million RMB revenue	541.25	489.97	404.16

- (1) The gasoline consumption in the three years ended December 31, 2023 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 2021 to 2023.

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Industry Peer Comparison

The following table shows relevant data from selected industry peers of our Group for the three years ended December 31, 2023.

Data	Company	Unit	2021	2022	2023
Scope 1 + Scope 2 emissions	The Group	tCO ₂ e	156.35	163.22	175.28
	Kingdee International Software Group Company Limited (“Kingdee”)		6,690.00	6,583.00	7,452.59
	Bairong Inc. (“Bairong”)		732.98	378.80	N/A
Scope 1 + Scope 2 emissions intensity	The Group	tCO ₂ e/million RMB revenue	0.34	0.31	0.25
	Kingdee		1.60	1.35	1.31
	Bairong		0.4515	0.1844	N/A
Electricity consumption	The Group	kWh	245,620	257,628	282,997
	Kingdee		10,155,040	10,855,098	12,427,601
	Bairong		1,529,240	652,500	564,671
Electricity consumption intensity	The Group	kWh/million RMB revenue	541.25	489.97	404.16
	Kingdee		2,428.71	2,226.09	2,188.32
	Bairong		940	320	210
Water consumption	The Group	m ³	532.34	569.15	684.00
	Kingdee		164,222	85,377	96,870
	Bairong		1,037	1,049	828
Water consumption intensity	The Group	m ³ /million RMB revenue	1.17	1.08	0.98
	Kingdee		39.28	17.51	17.06
	Bairong		63.90	51.10	30.90

Based on available environmental data, we have significantly less total Scope 1 + Scope 2 emissions, electricity consumption, and water consumption as compared to Kingdee and Bairong, primarily due to our smaller scale of operations as compared to Kingdee and Bairong.

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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.	<ul style="list-style-type: none"> • 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.
Energy efficiency	Reduce total purchased electricity consumption intensity by 10% within 10 years, with the year ended December 31, 2022 as the base year.	<ul style="list-style-type: none"> • 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 Responsibility Policies

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;

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- 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 our 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

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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 for 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 the products and services we offer, 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;

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- 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 are the foundation of our 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.

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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 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. In preparation for the [REDACTED], the Company has engaged an independent third party consultant (the “Internal Control Consultant”) to perform a review over selected areas of our internal controls, including our financial reporting. The Internal Control Consultant performed procedures and put forward suggestions for improvement. We have accepted the suggestions and further strengthened the design of our internal control process. After our rectification, the Internal Control Consultant performed follow-up procedures, and no irregularities remained in relation to the internal controls of our Company.

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

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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.

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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 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.