

## FINANCIAL INFORMATION

*You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants’ Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see “Forward-looking Statements” and “Risk Factors” in this document.*

### OVERVIEW

We are an enterprise-level solution provider in China, dedicated to offering standardized yet conveniently diversified solutions that could effectively improve the level of convenience and intelligence with respect to enterprise-level users’ information exchanges and business interactions. Our solutions are based upon our technologies comprising core conversational AI technologies, unified communication technologies, as well as other AI and computer technologies enabling product engine. Leveraging the completeness of our technologies, we are able to offer a number of typical types of solutions that are commonly needed by various enterprise-level users in their interactive scenarios. During the Track Record Period, we primarily offered such solutions to four key end-customer industries where we had accumulated rich industry know-how, engineering experiences and customer insights, i.e., city management and administration, automotive and transportation, telecommunications, and finance. Our solution offerings are enabled by Voicecomm Brain, our robust technology infrastructure, and Voicecomm Suites, our comprehensive functional modules. Voicecomm Brain is underpinned by our core technologies in both unified communications and AI. On top of our robust Voicecomm Brain, we have developed a full set of Voicecomm Suites, the modular combination of which allows us to offer different types of solutions to address the pain points experienced by enterprise-level users.

Empowered by our comprehensive enterprise-level solution offerings and superior delivery capabilities, our revenue increased rapidly during the Track Record Period, from RMB459.9 million in 2021 to RMB515.0 million in 2022, and further to RMB813.0 million in 2023 at a CAGR of 33.0% from 2021 to 2023. Our revenue growth throughout the Track Record Period was primarily due to the continuous expansion of both our operational scale and

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customer base. Meanwhile, our gross profit increased from RMB152.2 million in 2021 to RMB201.5 million in 2022, and further to RMB325.4 million in 2023 at a CAGR of 46.2% from 2021 to 2023, with our gross profit margin improving continuously from 33.1% in 2021 to 39.1% in 2022, and further to 40.0% in 2023. Despite our increasing investments in R&D and commercialization during the Track Record Period, we are able to maintain profitability from our operations, with our adjusted net profit (a non-IFRS measure) amounting to RMB117.7 million in 2023.

### **BASIS OF PREPARATION**

Our historical financial information has been prepared in accordance with all applicable International Financial Reporting Standards (IFRS), which collectively include all applicable individual International Financial Reporting Standards, International Accounting Standards, and Interpretation issued by the International Accounting Standards Board. Our historical financial information is presented in Renminbi (RMB), rounded to the nearest thousand, unless otherwise indicated.

The measurement basis used in the preparation of our historical financial information is the historical cost basis, except that the assets and liabilities are stated at their fair value as explained in the accounting policies as set out in Note 2 to the Accountants’ Report in Appendix I to this document.

The preparation of financial statements in conformity with IFRS requires our management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Judgements made by our management in the application of IFRS that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3 to the Accountants’ Report in Appendix I to this document.

### **SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our results of operation are primarily affected by the growth and penetration of the enterprise-level conversational AI solution market in China. In addition to the general industry backdrop and specifically on company level, we see our topline growth mainly driven by our revenue from offering enterprise-level solutions, which is in turn contingent upon our ability to grow our customer base and deepen existing customer relationships in our key end-customer industries, as well as our ability to enhance our technological capabilities and expand into other industries. Besides, our ability to achieve profitability will be constantly influenced by our cost structure as well as research and development expenses and selling and marketing expenses, among other expenses.

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### **Growth and Penetration of the Enterprise-Level Conversational AI Solution Market in China**

We believe that our financial performance and future growth are dependent on the overall growth of, and our competitiveness in, the enterprise-level conversational AI solution market in China. According to the iResearch Report, in 2023, the enterprise-level conversational AI solution market in China reached RMB62.1 billion, and is expected to reach RMB204.1 billion in 2028, at a CAGR of 26.9% from 2023 to 2028. However, the penetration rate of enterprise-level conversational AI solutions in China was merely 11.6% in 2023, as compared to 18.2% for the U.S. according to the same source. Currently, the penetration rate of enterprise-level conversational AI solutions in China still has huge growth potentials, which is estimated to increase to 16.2% in 2028. Furthermore, with China’s significant economic scale and considerable social activity level that give rise to a rich variety of application scenarios being increasingly penetrated and expanded by enterprise-level conversational AI, we expect the market demand for our solutions to increase continuously, which will further drive our sales in the foreseeable future.

### **Our Ability to Grow Our Customer Base and Deepen Existing Customer Relationships in Our Key End-Customer Industries**

During the Track Record Period, our various types of enterprise-level solutions had been deployed in our key end-customer industries including city management and administration, automotive and transportation, telecommunications, and finance. Our growth depends thus significantly on our ability to attract new customers and retain and expand relationship with existing ones in such key end-customer industries, which is in turn dependent upon our effective go-to-market strategies.

Specifically, our go-to-market strategies start at collaborations with early adopters, such as our launch customers, in certain end-customer industry we target to enter, which allows us to accumulate industry expertise and demonstrate the value of our solutions through one or a few entry projects. Once our value has been proven, we are then able to expand our presence quickly to cover other quality customers and further penetrate the end-customer industry. Fostered accordingly by our understanding of the existing users and our rich industry know-how, we are able to rapidly iterate our solution offerings, so as to up-sell our existing customers and increase their stickiness to our solutions, and ultimately increase our market share. We have gained loyalty of our existing customers and are dedicated to creating value for them with our standardized solutions. Going forward, we expect to achieve sustainable growth in the foreseeable future as we continue to attract more customers and deepen relationships with our existing customers in our key end-customer industries.

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### **Our Ability to Enhance Our Conversational AI Technological Capabilities and Expand into Other Industries**

Our conversational AI technological capabilities are crucial to our business operations. Aiming at satisfactorily serving enterprise-level users’ actual business needs, we will continue to invest in research and development so as to advance the standardization of our solutions, as well as to iteratively develop more application scenarios and innovative functions for the same. Specifically, we will continue to enhance our technological capabilities by implementing our key technology initiatives such as reinforcement learning, transfer learning and federated learning, visualizable conversational AI empowered by computer vision AI and next-generation unified communications compatible with visualizable conversational AI, so as to strengthen our competitiveness over existing and emerging enterprise-level conversational AI solution providers, and maintain our competitiveness and innovativeness of our conversational AI technologies. During the Track Record Period, our research and development expenses amounted to RMB36.3 million, RMB64.0 million and RMB98.8 million in 2021, 2022 and 2023, respectively. We expect our strategic focus on innovations will further reinforce our competitive edge and enable us to capture additional market shares, which in turn will enable us to further increase our revenue and strengthen our financial performance.

Additionally, our further growth will also depend upon our ability to expand into other industries. By leveraging our go-to-market strategies and accumulated industry insights proven to be successful in serving our four key end-customer industries, we plan to accelerate our penetration into other industries such as the media, healthcare, E-commerce and retailing, etc., in order to empower their intelligent transformation and improve our industry coverage. We aim to acquire and retain new customers by, among others, further enhancing the quality and efficiency of our existing solutions, offering additional innovative solutions and implementing effective sales strategies, in a way that is appropriate for such industries in which we intend to serve.

### **Our Ability to Continuously Maintain and Enhance Our Margin Levels and Operating Efficiency**

Our ability to continuously maintain and enhance our margin levels and operating efficiency depends significantly on our ability to manage and optimize our costs and operating expenses. During the Track Record Period, our gross profit margin improved continuously from 33.1% in 2021 to 39.1% in 2022, and further to 40.0% in 2023, thanks to the high standardization and modularization of our enterprise-level solutions that allow us to address user demand effectively and efficiently. While our cost structure will be affected by the mix of our solution offerings and might further impact our gross profit margin, we believe that we are well positioned to scale up our revenues while achieving significant cost efficiency. As our business grows in scale, we expect to further realize structural cost savings to compete more efficiently.

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Besides, controlling operating expenses to achieve optimal operating efficiency is also important to our success. In 2021, 2022 and 2023, our research and development expenses as a percentage of our revenue was 7.9%, 12.4% and 12.2%, respectively, and our selling and marketing expenses as a percentage of our revenue was 0.7%, 1.4% and 1.3%, respectively. Benefitting from our effective go-to-market strategies, we have demonstrated promising prospects for stable profitability. To ensure effective implementation of our technology strategies, we will expand our research and development team on a continuous basis and recruit more industry-leading talents. Moreover, with a goal to strengthen our commercialization capabilities effectively, we plan to expand our in-house sales and marketing team by recruiting more professionals with rich industry and customer insights. As such, we expect the absolute amounts of our research and development expenses and selling and marketing expenses will continue to increase along our business growth in the future. Nevertheless, as we expand the scale and scope of our business and solution offerings, we expect to benefit from various economies of scale to improve our operational efficiency.

### IMPACT OF THE COVID-19 PANDEMIC

Since late 2019, the outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. The pandemic caused temporary challenges to our financial performance and business operations during the Track Record Period. COVID-19, among other various factors, contributed to our prolonged trade receivables turnover days during the Track Record Period, by hampering the timely on-site acceptance and prolonging the payment cycle with respect to the projects in which we were involved. For details, see “– Discussion of Selected Items from Consolidated Statements of Financial Position – Trade and Other Receivables – Trade Receivables” in this section. In addition, with respect to our business operations, we took a series of measures in response to the pandemic to protect our employees, including the temporary closure of our offices, remote working arrangements, and travel restrictions or suspension, which had temporarily reduced our operational capacity and efficiency. As of the Latest Practicable Date, we did not experience any material adverse impact of COVID-19 on our financial performance or business operations. We will continue to pay close attention to the development of the COVID-19 pandemic and dedicate resources to take actions to minimize any adverse impact therefrom.

### MATERIAL ACCOUNTING POLICY INFORMATION AND MATERIAL ACCOUNTING JUDGMENT

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a material impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There had not been any material

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deviation from our management's estimates or assumptions and actual results, and we had not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

We set out below some of the accounting policies and estimates that we believe are of critical importance to us or involve the most material estimates and judgments used in the preparation of our financial statements. Our material accounting policy information and material accounting judgment, which are important for understanding our financial condition and results of operations, are set out in further details in Note 2 and Note 3 to the Accountants' Report in Appendix I to this document.

### **Revenue Recognition**

Revenue arises from the sale of goods and the provision of services in the ordinary course of our business.

Revenue is recognized when control over a product or service is transferred to the customer. For each performance obligation satisfied over time, we recognize revenue over time by measuring the progress toward complete satisfaction of that performance obligation. If we do not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time, at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue is allocated to each performance obligation based on its standalone selling price. We generally determine standalone selling prices based on observable prices. If the standalone selling price is not observable through past transactions, we estimate the standalone selling price based on multiple factors, including, but not limited to management approved price list or cost-plus margin analysis.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to us, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. We take advantage of the practical expedient in paragraph 63 of IFRS 15 and do not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

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We generate substantially all of the revenues from the following services and products:

- Enterprise-level solutions;
- Other services primarily include promotion service.

Our enterprise-level solutions are offered either on software platform or solutions come with functionalities and interfacing capabilities tailored to customers’ operation environment integrated with communication devices or other hardware and other service and software license. We determine that such contracts typically comprise one single performance obligation. Revenues are recognized at a point in time upon customer’s acceptance of the respective solutions or products, which is when the control over our goods or services is transferred to customers.

The maintenance services are provided to customers for a fixed amount over the service period, usually within one year. We recognize revenues from maintenance services over the period when the services were provided, since customers simultaneously receive and consume the benefit of the services. We use straight-line method to recognize revenue ratably over the service period. The other services provided to customers are recognized based on usage over the period.

We recognize enterprise-level solutions revenue on a gross basis because we are the principal and control the hardware to be provided to the customer before the hardware is transferred to that customer. In addition, we are primarily responsible for fulfilling the promise to provide the hardware and have discretion in establishing the price for the hardware.

### **Goodwill**

Goodwill arising on acquisition of business is measured at cost less accumulated impairment losses and is tested annually for impairment. For details, see Note 2(e) and 2(j)(ii) to the Accountants’ Report in Appendix I to this document.

### **Property and Equipment**

The following items of property and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses:

- right-of-use assets arising from leasehold properties where we are not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment.



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If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

For details, see Notes 2(i) and 2(j) to the Accountants' Report in Appendix I to this document.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Electronic equipment	Three years
Furniture	Five years
Servers	Five years
Vehicles	Four years
Leasehold improvements	Shorter of estimated useful life and remaining lease terms
Right-of-use assets	Over the lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents properties under construction and machinery and equipment pending installation and is stated at cost less impairment losses. For details, see Note 2(j)(ii) to the Accountants' Report in Appendix I to this document. Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation policies specified above.

No depreciation is provided in respect of construction in progress.

### **Intangible assets (other than goodwill)**

Intangible assets (other than goodwill) that are acquired by us and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. For details, see Note 2(j)(ii) to the Accountants' Report in Appendix I to this document.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.



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The estimated useful lives for the current and comparative periods are as follow:

Software	Five years
Patents	Eight years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### **Credit Losses and Impairment of Assets**

We recognize a loss allowance for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash, trade receivables and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest).

#### ***Measurement of ECLs***

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which we are exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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### *Significant Increases in Credit Risk*

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, we consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on our historical experience and informed credit assessment, that includes forward-looking information.

We assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due dates.

We consider a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to us in full, without recourse by us to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. We recognize an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

### *Interest Income*

Interest income is recognized using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired, subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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### ***Write-Off Policy***

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when we otherwise determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

### **Contract Liabilities**

A contract liability is recognized when the customer pays non-refundable consideration before we recognize the related revenue. A contract liability is also recognized if we have an unconditional right to receive non-refundable consideration before we recognize the related revenue. In such latter cases, a corresponding receivable is also recognized.

For details, see Note 2(v) to the Accountants’ Report in Appendix I to this document.

### **Research and Development Expenses**

Research and development expenses comprise all expenditures that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Such research and development expenditures are recognized as expenses in the period in which they are incurred.

### **Interest-Bearing Borrowings**

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent, these borrowings are stated at amortized cost using the effective interest method. For details, see Note 2(z) to the Accountants’ Report in Appendix I to this document.

### **Fair Value Measurement of Financial Instruments Using Valuation Techniques**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The valuation techniques include discounted cash flow model, market comparable model, adjusted recent transaction price and so on. We use our judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions, see Note 30(e) to the Accountants’ Report in Appendix I to this document. The use of different valuation techniques or inputs may result in significant differences in fair value estimate. The fair value generated by valuation technique is also verified with transactions of same or similar financial instruments in observable markets according to market practice.

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### **Impairment of Non-Financial Assets (Other Than Goodwill)**

We assess whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the relevant reporting periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, our management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Impairment of Goodwill**

We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. For further details, see Note 15 to the Accountants’ Report in Appendix I to this document.

### **Deferred Tax Assets**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

### **Loss Allowance for ECLs**

We estimate the amount of loss allowance for ECLs on trade and other receivables that are measured at amortized cost based on the credit risk of the respective financial instruments. The loss allowance amount is measured as the asset’s carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

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### DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year Ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	459,935	514,992	813,017
Cost of revenue	(307,773)	(313,526)	(487,600)
<b>Gross Profit</b>	152,162	201,466	325,417
Other revenue	7,692	11,016	27,226
Other net gain/(loss)	200	(16)	(25)
Research and development expenses	(36,310)	(63,983)	(98,798)
Selling and marketing expenses	(3,162)	(7,249)	(10,347)
Administrative and other operating expenses	(24,552)	(31,486)	(58,499)
Impairment loss on trade receivables	(17,444)	(42,562)	(55,379)
<b>Profit from operations</b>	78,586	67,186	129,595
Net finance costs	(8,183)	(9,034)	(11,696)
Changes in carrying amount of redeemable capital contributions	(25,950)	(157,504)	(146,892)
Changes in fair value of financial assets measured at fair value through profit or loss	–	8,337	258
Share of (loss)/gain of associates	(22)	131	(20)
<b>Profit/(loss) before taxation</b>	44,431	(90,884)	(28,755)
Income tax	(8,047)	5,073	(446)
<b>Profit/(loss) for the year</b>	<u>36,384</u>	<u>(85,811)</u>	<u>(29,201)</u>
<b>Attributable to</b>			
<i>Equity shareholder of our Company</i>	36,895	(87,155)	(33,754)
<i>Non-controlling interests</i>	(511)	1,344	4,553
<b>Earnings/(loss) per share</b>			
<i>Basic and diluted (RMB)</i>	<u>1.61</u>	<u>(3.33)</u>	<u>(1.13)</u>
<b>Other comprehensive income for the year</b>	<u>(84)</u>	<u>37</u>	<u>180</u>
<b>Total comprehensive income for the year</b>	<u><u>36,300</u></u>	<u><u>(85,774)</u></u>	<u><u>(29,021)</u></u>

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### Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use the adjusted net profit (a non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of the adjusted net profit (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define the adjusted net profit (a non-IFRS measure) as profit for the year by eliminating the impacts of changes in carrying amount of redeemable capital contributions. The following table reconciles our adjusted net profit (a non-IFRS measure) presented to the financial measure calculated and presented in accordance with IFRS, namely profit/loss for the year:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Reconciliation of profit/loss for the year and adjusted net profit (a non-IFRS measure)</b>			
Profit/(loss) for the year	36,384	(85,811)	(29,201)
Add:			
Changes in carrying amount of redeemable capital contributions	25,950	157,504	146,892
<b>Adjusted net profit (a non-IFRS measure)</b>	<b>62,334</b>	<b>71,693</b>	<b>117,691</b>

Our management considers that changes in carrying amount of redeemable capital contributions is a non-cash item, primarily due to which we incurred net loss for the year of 2022 and 2023 and such carrying amount will be reclassified from financial liabilities to equity upon completion of the [REDACTED] and the [REDACTED]. Therefore, by eliminating the impacts of the said item in the calculation of the adjusted net profit (a non-IFRS measure), such measure could better reflect our underlying operating performance and could better facilitate the comparison of operating performance from year to year.

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### Revenue

During the Track Record Period, we generated our revenue on a project basis mainly from offering enterprise-level solutions enabled primarily by our technologies on unified communications and AI to our customers. Depending upon specific users’ concrete needs, the extent to which a certain solution involves each category of technologies may vary. The following table sets forth a breakdown of our total revenue by offering categories:

	Year Ended December 31,					
	2021		2022		2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Enterprise-level solutions	456,871	99.3	491,641	95.5	801,060	98.5
Others*	3,064	0.7	23,351	4.5	11,957	1.5
<b>Total</b>	<b><u>459,935</u></b>	<b><u>100.0</u></b>	<b><u>514,992</u></b>	<b><u>100.0</u></b>	<b><u>813,017</u></b>	<b><u>100.0</u></b>

*Note:*

\* Primarily related to promoting products empowered by our conversational AI technologies for our customers, from which we generated revenue

Specifically, our customers for our solutions during the Track Record Period included: (i) system integrators that embedded our solutions into their offerings to enterprise-level users; and (ii) enterprise-level users that used our solutions directly. The following table sets forth a breakdown of our revenue generated from offering solutions by customer types, in absolute amounts and as a percentage of total solution revenue, for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Revenue from						
– <i>System integrators</i>	381,101	83.4	378,897	77.1	638,528	79.7
– <i>Enterprise-Level users</i>	75,770	16.6	112,744	22.9	162,532	20.3
<b>Total</b>	<b><u>456,871</u></b>	<b><u>100.0</u></b>	<b><u>491,641</u></b>	<b><u>100.0</u></b>	<b><u>801,060</u></b>	<b><u>100.0</u></b>



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The solutions that we offered during the Track Record Period consisted of: (i) software only solutions; and (ii) software plus hardware solutions in which we integrated our software systems with hardware devices, network and other telecommunication resources, and/or other services (if needed), etc., procured from suppliers as part of our total solutions. The software plus hardware solutions are usually required in order to avoid issues during the operation and maintenance of the systems, such as difficulty in faults identification, or when a single module’s upgrade affects the operation of other modules, etc. Customers can determine the specifications of the solutions to be purchased from us and the delivery method based on their needs. The following table sets forth a breakdown of our revenue generated from offering solutions by solutions types, in absolute amounts and as a percentage of total solution revenue, for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	<i>RMB’000</i>	%	<i>RMB’000</i>	%	<i>RMB’000</i>	%
Software only solutions	85,447	18.7	162,548	33.1	282,980	35.3
Software plus hardware solutions	371,424	81.3	329,093	66.9	518,080	64.7
<b>Total</b>	<b><u>456,871</u></b>	<b><u>100.0</u></b>	<b><u>491,641</u></b>	<b><u>100.0</u></b>	<b><u>801,060</u></b>	<b><u>100.0</u></b>

During the Track Record Period, we generated an increasing amount of revenue from our software only solutions, which also took up an increasing portion in our total revenue, mainly due to that (i) it is our increasingly heightened focus to scale up offering such solutions of higher margins in order to enhance our competitive positioning while expanding profit pools through the maturation and accumulation of our technologies. As we establish and enhance our market presence, we have gradually adopted the strategy that prioritizes offering software only solutions in projects in which customers do not specifically demand software plus hardware delivery or where there is no concrete scenario-specific benefit for doing so, provided that this priority would not affect our acquisition of such customers; and (ii) the continuous expansion of our customer bases who typically purchased from us software plus hardware solutions to firstly establish their communication platforms affords us the opportunities to up-sell software only solutions later to further diversify and enhance their unified communications and AI capabilities.

As certain customers may have specific demand on functionalities that are incidental to our technologies, we from time to time externally purchased software and/or services on developing project-specific software to enable offering total solutions on a one-stop basis during the Track Record Period. Since we focus our business on delivering values to enterprise-level users primarily based upon our technologies, such externally purchased software and/or software-development services took up a limited percentage of our cost of revenue in each year of the Track Record Period. For details, see “– Cost of Revenue” in this

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section. The following table sets forth a breakdown of our revenue generated from software only solutions enabled solely by our technologies and those that incorporated externally purchased software and/or software-development services for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Software only solutions						
– Enabled solely by our technologies	72,385	84.7	154,456	95.0	219,777	77.7
– Including externally purchased software and/or software-development services	13,062	15.3	8,092	5.0	63,203	22.3
<b>Total</b>	<b>85,447</b>	<b>100.0</b>	<b>162,548</b>	<b>100.0</b>	<b>282,980</b>	<b>100.0</b>

Our revenue generated from software only solutions that incorporated externally purchased software and/or software-development services fluctuated in each year of the Track Record Period, reflecting the contingent nature of the accessory functionalities demanded the relevant customers in each year. By contrast, our revenue generated from software only solutions enabled solely by our technologies increased continuously during the Track Record Period, which was consistent with the general trend of our revenue growth and also took up the major portion of our revenue generated from software only solutions. Our revenue generated from software only solutions enabled solely by our technologies contributed to a less percentage of our revenue generated from software only solutions in 2023, primarily due to the fact that we participated in certain projects that involved the purchase of functionally specific platforms supplementary to our technologies and accordingly generated a greater amount of revenue during the same period. Specifically, we primarily purchased externally for certain platforms for data analytic and management, and vehicle inspection to offer the relevant IoV solutions, as well as that for human resource maintenance to offer the relevant intelligent administration solutions, in each case on a one-stop basis.

During the Track Record Period, we generated our revenue primarily from providing our solutions in a number of end-customer industries, mainly including city management and administration, automotive and transportation, telecommunications, and finance:

- **City Management and Administration.** Our solutions have primarily been applied in intelligent community (comprehensive governmental projects involving diverse application scenarios), intelligent administration and intelligent IoT, where our technologies contribute to the establishment of smart cities where city infrastructure, public spaces and objects are interactively connected, and also make city management and administrative services more convenient and intelligent.

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- **Automotive and Transportation.** Our solutions have primarily been applied in customer service for automobile and logistics companies, IoV service that enables a smart cockpit and facilitates the intelligent scheduling of vehicle resources and route navigation, as well as V2X autonomous driving, which helps realize a safe, convenient, intelligent and integrated automobile management and travel experience.
- **Telecommunications.** Our solutions can empower telecommunications companies’ communication tools and other value-added services, such as cloud-based phone and intelligent work badge. Such solutions allow various communication and management needs of the enterprises that have procured such communication tools and value-added services to be intelligently satisfied, while substantially lowering deployment and maintenance costs.
- **Finance.** Our solutions offered to financial institutions have been applied primarily in telephone banking, thereby upgrading their customer services and promoting the comprehensive intelligent transformation of the finance industry. Additionally, we also offer solutions in service training that facilitate their internal processes.

In addition to offering solutions to the aforementioned four key end-customer industries, we are also expanding application of our conversational AI technologies to other industries. For details of our solution offerings, see “Business – Our Solution Offerings – Voiccomm Solutions” in this document. The following table sets forth a breakdown of our revenue generated from offering solutions by end-customer industries, in absolute amounts and as a percentage of total solution revenue, for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	<i>RMB’000</i>	%	<i>RMB’000</i>	%	<i>RMB’000</i>	%
City management and administration	165,075	36.1	192,734	39.2	321,239	40.1
Automotive and transportation	81,251	17.8	83,393	17.0	191,077	23.9
Telecommunications	68,385	15.0	91,782	18.7	173,976	21.7
Finance	96,051	21.0	79,745	16.2	84,530	10.5
Other industries	46,109	10.1	43,987	8.9	30,238	3.8
<b>Total</b>	<b><u>456,871</u></b>	<b><u>100.0</u></b>	<b><u>491,641</u></b>	<b><u>100.0</u></b>	<b><u>801,060</u></b>	<b><u>100.0</u></b>

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In each year of the Track Record Period, we generated substantially all of our revenue from customers in the PRC, except for RMB6.0 million from customers in overseas countries in 2023. The geographical location of a certain customer is determined by the location at which the relevant solutions at question were accepted.

### Cost of Revenue

During the Track Record Period, our cost of revenue primarily consisted of (i) equipment costs in relation to hardware devices such as communication devices, servers and computers that were integrated into our solutions; (ii) network and other telecommunication resource costs, which primarily represented the network resources we procured for our city management and administration projects; (iii) employee benefit expenses; (iv) depreciation and amortization; (v) costs mainly in relation to providing promotion services for the sales of telecommunications terminals and other telecommunications resources and services; (vi) externally outsourced services primarily on developing project-specific software tailoring to certain customers’ specific demand on functionalities that are incidental to our technologies in order to enable offering total solutions; and (vii) other costs.

Specifically, our promotion service costs increased from RMB14.0 million in 2021 to RMB31.1 million in 2022, primarily due to our increased procurement costs in relation to providing such promotion services, with the revenue generated therefrom increasing substantially during the same periods. Such promotion service costs decreased from RMB31.1 million in 2022 to RMB11.7 million in 2023, which was in line with the decrease of our revenue generated therefrom. For details, see “– Period to Period Comparison of Results of Operations – 2023 Compared to 2022” in this section. Our costs of externally purchased services fluctuated in each year of the Track Record Period, reflecting the contingent nature of the accessory software functionalities demanded the relevant customers in each year. Such costs increased from RMB6.2 million in 2022 to RMB53.8 million in 2023, primarily due to our increased procurement costs in relation to externally outsourced software-development services for providing IoV and intelligent administration solutions. The following table sets forth a breakdown of our cost of revenue by nature, in absolute amounts and as a percentage of total cost of revenue for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Equipment costs	180,719	58.7	162,735	51.9	300,593	61.7
Network and other telecommunication resource costs	100,351	32.6	100,486	32.1	100,390	20.6
Employee benefit expenses	4,941	1.6	9,177	2.9	10,908	2.2

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	Year Ended December 31,					
	2021		2022		2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Depreciation and amortization	770	0.3	2,728	0.9	4,367	0.9
Promotion service costs	14,030	4.6	31,060	9.9	11,670	2.4
Costs of outsourced services	6,433	2.1	6,150	2.0	53,775	11.0
Others	529	0.1	1,190	0.3	5,897	1.2
<b>Total</b>	<b>307,773</b>	<b>100.0</b>	<b>313,526</b>	<b>100.0</b>	<b>487,600</b>	<b>100</b>

### Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of revenue, and our gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit amounted to RMB152.2 million, RMB201.5 million and RMB325.4 million in 2021, 2022 and 2023, respectively, while our gross profit margin reached 33.1%, 39.1% and 40.0% during the same years, respectively.

The following table sets forth a breakdown of our gross profit generated from offering solutions by customer types, in absolute amounts and in terms of gross profit margin for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	<b>Gross profit</b>	<b>Gross profit margin</b>	<b>Gross profit</b>	<b>Gross profit margin</b>	<b>Gross profit</b>	<b>Gross profit margin</b>
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Gross profit from						
– <i>System integrators</i>	125,656	33.0	154,110	40.7	230,872	36.2
– <i>Enterprise-Level users</i>	37,472	49.5	55,065	48.8	94,258	58.0
	<b>163,128</b>	<b>35.7</b>	<b>209,175</b>	<b>42.5</b>	<b>325,130</b>	<b>40.6</b>

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The following table sets forth a breakdown of our gross profit generated from offering solutions by solution types, in absolute amounts and in terms of gross profit margin for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Software only solutions	76,467	89.5	149,468	92.0	229,996	81.3
Software and hardware solutions	86,661	23.3	59,707	18.1	95,134	18.4
	<b>163,128</b>	<b>35.7</b>	<b>209,175</b>	<b>42.5</b>	<b>325,130</b>	<b>40.6</b>

Overall, gross profit margins for our software only solutions are higher than that for our software plus hardware solutions, primarily due to the fact that our software only solutions are primarily enabled by our technologies that are accounted for mainly as employee benefit expenses under the intrinsic cost structures. Decades of technological accumulations have thus allowed sustainably high gross profit levels as the usage of our software increments. By contrast, our software plus hardware solutions bundle software with outsourced hardware elements that can substantially normalize gross profit levels. During the Track Record Period, the gross profit margins of our software only solutions were relatively stable, which amounted to 89.5%, 92.0% and 81.3% in 2021, 2022 and 2023, respectively. In 2021, 2022 and 2023, the gross profit margins of our software plus hardware solutions fluctuated between 18.1% and 23.3%, which were essentially a result of the varied software-hardware composition ratios of different groups of software plus hardware solutions from which we generated revenue in each year. By the same token, the gross profit margins of our solutions offered to system integrators and enterprise-level users respectively also fluctuated in each year of the Track Record Period, which were inherently not comparable therebetween or in a year-to-year fashion, and might not be indicative of our overall gross profit margin level.

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The following table sets forth a breakdown of our gross profit generated from software only solutions as between those enabled solely by our technologies and those that incorporated externally purchased software and/or software-development services, in absolute amounts and in terms of gross profit margin for the years indicated:

	Year Ended December 31,					
	2021		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Gross profit from software only solutions						
– <i>Enabled solely by our technologies</i>	69,404	95.9	147,443	95.5	209,402	95.3
– <i>Including externally purchased software and/or software-development services</i>	7,063	54.1	2,025	25.0	20,594	32.6
	<b>76,467</b>	<b>89.5</b>	<b>149,468</b>	<b>92.0</b>	<b>229,996</b>	<b>81.3</b>

As can be seen, the gross profit margins of software only solutions that incorporated externally purchased software and/or software-development services fluctuated in each year of the Track Record Period, which was essentially a result of the concrete compositions between such software and/or services and our software under the relevant solutions that we offered in each year, and would accordingly affect the specific cost structure for each solution. By contrast, the gross profit margins of our software only solutions enabled solely by our technologies remained stable in each year of the Track Record Period.

### Other Revenue

During the Track Record Period, our other revenue represented government grants received as rewards of our contribution to technological innovations and regional economic development, and encouragement of project development, which were recognized in the consolidated statements of profit or loss when related conditions, if any were, satisfied. In 2021, 2022 and 2023, such government grants amounted to RMB7.7 million, RMB11.0 million and RMB27.2 million, respectively.



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### Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) technology service fees, which primarily represented outsourcing costs for certain non-core and less sophisticated research and development programs; (ii) employee benefit expenses, which primarily represented wages and benefits of our research and development staff; (iii) depreciation and amortization; and (iv) others. The following table sets forth a breakdown of our research and development expenses for the years indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Technology service fees	20,077	29,083	46,391
Employee benefit expenses	13,471	23,948	34,843
Depreciation and amortization	1,278	8,935	15,571
Others	1,484	2,017	1,993
<b>Total</b>	<b>36,310</b>	<b>63,983</b>	<b>98,798</b>

During the Track Record Period, we engaged third-party technology service providers mainly for (i) the non-standardized steps in the development of our solutions, such as data training, AI algorithm optimization and specific user application development, so that we could more efficiently focus on our standardized functional modules to offer our solutions; and (ii) certain non-core technological programs supplemental to our core conversational AI technologies in areas that we have newly tapped into at the time, such as that related to ICV projects and intelligent video analysis, so as to quickly penetrate into such areas and offer innovative solutions in a cost-efficient manner. During the Track Record Period, such fees accounted for a major portion of our research and development expenses in relation to other expenditures thereunder (e.g., employee benefit expenses), mainly reflecting the fact that we have accomplished a level of economies of scale in our technologies based upon our rich technological and know-how precipitation accumulated for nearly two decades. While our technology service fees increased during the Track Record Period, which was consistent with our expanded business operations and enhanced research and development activities to be carried out, our research and development expenses as a percentage of our revenue was 7.9%, 12.4% and 12.2%, respectively.

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The following tables set forth the details of our major third-party technology service providers in each year of the Track Record Period:

<b>Major Technology Service Providers for 2021</b>	<b>Background</b>	<b>Research and Development Expenses Attributable to the Provider</b>	<b>Details of the Technology Services Procured</b>
		<i>RMB'000</i>	
Supplier K	An Anhui-based company focusing on technology development, consulting, transfer and other services in the field of cloud computing, information and network technology	10,377	Technological development services relating to intelligent video analysis platform enabled by technologies on visualization engine, geographic information system (GIS) visualization, edge computing and cloud-edge coordination, etc., which facilitated our video analysis and management related technological steps
Supplier F	For details, see “Business – Suppliers and Procurement – Top Suppliers” in this document	4,586	Technological development services relating to big data governance, comprising data integration, quality control and management, etc., according to industrial standards, which optimized our AI algorithm training processes; and IoT management platform used for remote control of display screens, which enabled unified control of image and video-based content output and management, and facilitated our terminal-end display related technological steps

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<b>Major Technology Service Providers for 2021</b>	<b>Background</b>	<b>Research and Development Expenses Attributable to the Provider</b>	<b>Details of the Technology Services Procured</b>
		<i>RMB'000</i>	
Supplier L	A Shanghai-based company focusing on software development and other technology development, consulting, transfer, and promotion services	1,937	Technological development services relating to software applications on enterprises' full life-cycle management of their individual users for purposes of facilitating product sales, after-sale and other customer services, including functions such as user profiling and management of sales leads, user identity, promotion activities, and membership and benefits, etc., which supplemented our technologies applied in customer service related scenarios
Supplier M	A Shanghai-based company focusing on technology development, transfer, consulting and other services in the field of network technology	1,280	Technological development services relating to livestreaming application and management system realizing functions such as accounts management and data statistics, which supplemented our technologies applied in e-commerce and retailing related scenarios

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<b>Major Technology Service Providers for 2022</b>	<b>Background</b>	<b>Research and Development Expenses Attributable to the Provider</b>	<b>Details of the Technology Services Procured</b>
		<i>RMB'000</i>	
Supplier N	A Jiangsu-based company focusing on AI industry application system integration services and software development	10,663	Technological development services relating to voice and image data collection and training, as well as AI algorithm optimization for purposes of training our AI algorithms
Supplier J	A Shanghai-based company focusing on computer system integration services and computer software development, design and production	9,003	Technological development services relating to intelligent processing hub based on big data, covering data integration, storage, processing, computing and application, which could be applied in projects where data interconnection among various heterogeneous platforms such as that on big data, IoT, user and visitor management, video storage, city infrastructure management, etc., would be needed
Supplier L	A Shanghai-based company focusing on software development and other technology development, consulting, transfer, and promotion services	5,258	Technological development services relating to software applications on enterprises' full life-cycle management of their individual users for purposes of facilitating product sales, after-sale and other customer services, including functions such as user profiling and management of sales leads, user identity, promotion activities, and membership and benefits, etc., which supplemented our technologies applied in customer service related scenarios

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<b>Major Technology Service Providers for 2023</b>	<b>Background</b>	<b>Research and Development Expenses Attributable to the Provider</b>	<b>Details of the Technology Services Procured</b>
		<i>RMB'000</i>	
Supplier J	A Shanghai-based company focusing on computer system integration services and computer software development, design and production	8,719	Technological development services relating to data training and management platform that enhanced our data processing capabilities, allowing such key functions as managing multiple training assignments based upon different algorithm frameworks, intelligently allocating computing resources and optimizing parameters, managing and evaluating models, scalably integrating other systems, and improving data security and privacy protection
Supplier O	For details, see “Business – Suppliers and Procurement – Top Suppliers” in this document	7,358	Technological development services relating to AI algorithm optimization targeting automatic analysis of statutory and regulatory texts in lieu of human labor, which improved our conversational AI technologies’ performance in serving administrative service related scenarios
Supplier P	For details, see “Business – Suppliers and Procurement – Top Suppliers” in this document	8,269	Technological development services relating to data training based on a centralized data platform capable of managing, processing and distributing massive data involved in ICV-related scenarios, so that our technologies could better serve the said scenarios

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<b>Major Technology Service Providers for 2023</b>	<b>Background</b>	<b>Research and Development Expenses Attributable to the Provider</b>	<b>Details of the Technology Services Procured</b>
		<i>RMB'000</i>	
Supplier L	A Shanghai-based company focusing on software development and other technology development, consulting, transfer, and promotion services	5,836	Technological development services relating to software applications on enterprises' full life-cycle management of their individual users for purposes of facilitating product sales, after-sale and other customer services, including functions such as user profiling and management of sales leads, user identity, promotion activities, and membership and benefits, etc., which supplemented our technologies applied in customer service related scenarios; processing and analysis services for natural language data via Enterprise Wechat
Supplier R	A Shandong-based company focusing on basic telecommunication services, information system integration services, software development and network technology services	6,795	Server hosting services for the purpose of continuing establishing our AI empowerment computing center. For details, see “Business – Our Technologies – AI Technologies – AI Empowerment Computing Center” in this document.

For details of the salient terms of our agreements with our third party technology service providers during the Track Record Period, see “Business – Suppliers and Procurement” in this section.

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### Selling and Marketing Expenses

During the Track Record Period, our selling and marketing expenses primarily consisted of (i) employee benefit expenses, which primarily represented wages and benefits of our selling and marketing staff; (ii) marketing and traveling expenses; (iii) depreciation and amortization; and (iv) others. The following table sets forth a breakdown of our selling and marketing expenses for the years indicated:

	Year Ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	2,091	2,656	5,779
Marketing and traveling expenses	827	3,957	3,268
Depreciation and amortization	138	518	663
Others	106	118	637
<b>Total</b>	<b>3,162</b>	<b>7,249</b>	<b>10,347</b>

### Administrative and Other Operating Expenses

During the Track Record Period, our administrative and other operating expenses primarily consisted of (i) employee benefit expenses, which primarily represented wages and benefits of our administrative and other staff; (ii) professional service and other consulting fees in relation to various legal, financial and consulting services; (iii) depreciation and amortization; and (iv) others in relation to various miscellaneous costs. The following table sets forth a breakdown of our administrative and other operating expenses for the years indicated:

	Year Ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	9,424	13,185	18,281
Professional service and other consulting fees	9,658	7,255	22,807
Depreciation and amortization	1,648	5,733	9,926
Others	3,822	5,313	7,485
<b>Total</b>	<b>24,552</b>	<b>31,486</b>	<b>58,499</b>



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### Impairment Loss on Trade Receivables

During the Track Record Period, our impairment loss on trade receivables represented the allowance for credit losses on our trade receivables. In 2021, 2022 and 2023, we had impairment loss on trade receivables of RMB17.4 million, RMB42.6 million and RMB55.4 million, respectively.

### Net Finance Costs

During the Track Record Period, our finance income represented interest income from bank deposits and our finance costs primarily consisted of (i) interest on bank loans and other borrowings; (ii) interest on borrowings from related parties; and (iii) interest on lease liabilities. The following table sets forth a breakdown of our net finance costs for the years indicated:

	Year Ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	(30)	(31)	(73)
<b>Finance income</b>	<b>(30)</b>	<b>(31)</b>	<b>(73)</b>
Interest on bank loans and other borrowings	7,839	8,532	11,132
Interest on borrowings from related parties	–	130	–
Interest on lease liabilities	374	403	637
<b>Finance costs</b>	<b>8,213</b>	<b>9,065</b>	<b>11,769</b>
	<b>8,183</b>	<b>9,034</b>	<b>11,696</b>

### Changes in Carrying Amount of Redeemable Capital Contributions

During the Track Record Period, changes in carrying amount of redeemable capital contributions represented that in relation to equity investments from the Series A Investors, Series B Investors, Series B+ Investors and Series C Investors classified as current liabilities. For details, see “– Discussion of Selected Items from Consolidated Statements of Financial Position – Redeemable Capital Contributions” in this section. In 2021, 2022 and 2023, such changes in carrying amount amounted to RMB26.0 million, RMB157.5 million and RMB146.9 million, respectively.

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### Changes in Fair Value of Financial Assets Measured at Fair Value Through Profit or Loss

During the Track Record Period, changes in fair value of financial assets measured at fair value through profit or loss represented that in relation to our strategic investment in a private company incorporated in PRC that primarily engages in the manufacturing and sales of AI hardware. For details, see “– Discussion of Selected Items from Consolidated Statements of Financial Position – Financial Assets Measured at Fair Value through Profit or Loss (FVPL)” in this section. In 2021, 2022 and 2023, such changes in fair value amounted to nil, RMB8.3 million and RMB0.3 million, respectively.

### Income Tax

During the Track Record Period, our income tax consisted of current income tax and deferred tax. Our Company obtained the qualification as high-technology enterprise and was entitled to a preferential income tax rate of 15% for each of 2021, 2022 and 2023. Under the *PRC Income Tax Law* and its relevant regulations, 75% additional tax deduction was allowed for our qualified research and development expenses in 2021 and the nine months ended September 30, 2022, and 100% additional tax deduction was allowed for our qualified research and development expenses from October 1, 2022 to December 31, 2023. For details of other preferential tax treatments that certain of our subsidiaries were entitled to during the Track Record Period, see Note 7 to the Accountants’ Report in Appendix I to this document. For details of our deferred tax assets and liabilities, see Note 27(b) to the Accountants’ Report in Appendix I to this document. The following table sets forth the components of our income tax for the years indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Current tax</b>			
Provision for the year	11,042	81	10,354
(Over)-provision in respect of prior years	–	–	(375)
<b>Deferred tax</b>			
Origination and reversal of temporary differences	(2,995)	(5,154)	(9,533)
<b>Total</b>	<b>8,047</b>	<b>(5,073)</b>	<b>446</b>

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### PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### 2023 Compared to 2022

##### *Revenue*

Our total revenue increased from RMB515.0 million in 2022 to RMB813.0 million in 2023, primarily due to our continuous expansion of operational scale, which drove our revenue from each of our four key end-customer industries to increase simultaneously, the continuous expansion of our customer base, as well as the fact that our revenue in 2022 had been temporarily negatively impacted by the COVID-19 pandemic. Our revenue from automotive and transportation increased substantially from RMB83.4 million in 2022 to RMB191.1 million in 2023, primarily due to the increased purchase of our solutions from our existing major customers and the expansion of customer base in the industry. For instance, Customer A, one of our major customers in automotive and transportation during the Track Record Period that contributed to our second largest project in 2021 and fourth largest project in 2022 in terms of revenue contribution further expanded its purchase from us in 2023. Specifically, the revenue generated from Customer A increased 27.3% in 2023 as compared with 2022. Our revenue from city management and administration also increased substantially from RMB192.7 million in 2022 to RMB321.2 million in 2023, primarily due to our continuous offering of solutions for intelligent towns and more diversified types of administrative platforms, as well as the acquisition of Jinxun Digital Intelligence completed in December 2022. For instance, three of our five largest projects in terms of revenue contribution in 2023 were from city management and administration. Our revenue from telecommunications industry increased from RMB91.8 million in 2022 to RMB174.0 million in 2023, primarily due to the increased purchase of our solutions from our existing customers. For instance, Customer B, one of our major customers in telecommunications industry during the Track Record Period that contributed to our fifth largest project in 2021 and third largest project in 2022 in terms of revenue contribution further expanded its purchase from us in 2023. Specifically, the revenue generated from Customer B increased 17.4% in 2023 as compared with 2022. Our revenue from finance industry also increased slightly from RMB79.7 million in 2022 to RMB84.5 million in 2023.

Our revenue from other industries decreased from RMB44.0 million in 2022 to RMB30.2 million in 2023, primarily due to our primary focus on operating in our four key end-customer industries. Our other revenue from providing promotion services for the sales of telecommunications terminals and other telecommunications resources and services decreased from RMB23.4 million in 2022 to RMB12.0 million in 2023, primarily due to our investment of greater financial resources and efforts in the former period when we initiated the provision of the said services.

##### *Cost of Revenue*

Our cost of revenue increased from RMB313.5 million in 2022 to RMB487.6 million in 2023, which was generally in line with the growth of our revenue.

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### *Gross Profit and Gross Profit Margin*

As a result of the foregoing, our gross profit increased by 61.5% from RMB201.5 million in 2022 to RMB325.4 million in 2023. Our gross profit margin increased slightly from 39.1% in 2022 to 40.0% in 2023.

### *Other Revenue*

Our other revenue increased from RMB11.0 million in 2022 to RMB27.2 million in 2023, primarily due to the government grants that we newly received in 2023. Such government grants that we newly received in 2023 primarily consisted of those that were income-related in nature, including project-based rewards by local governmental entities in Shanghai for our technological credentials and endeavors, such as “Project Support for High and New Technology Enterprises in Minhang District” (閔行區高新企業項目化扶持) and “Little Giant Project Subsidy by the Science and Technology Commission of Shanghai Municipality” (上海市科學技術委員會小巨人項目補貼), as well as VAT refund.

### *Research and Development Expenses*

Our research and development expenses increased significantly from RMB64.0 million in 2022 to RMB98.8 million in 2023, as we continuously increased our research and development efforts to enhance our technological capabilities and to meet the needs of our business growth. More specifically, the increase was primarily attributable to (i) an increase in technology service fees from RMB29.1 million in 2022 to RMB46.4 million in 2023, primarily in relation to data training and AI algorithm optimization in line with the increased demand for our solutions and thus the greater data volume involved; (ii) an increase in employee benefit expenses from RMB23.9 million in 2022 to RMB34.8 million in 2023, mainly due to the increased headcounts and compensation level of our research and development staff as a result of the expansion of our research and development team; and (iii) an increase in depreciation and amortization in association with our research and development activities from RMB8.9 million in 2022 to RMB15.6 million in 2023.

### *Selling and Marketing Expenses*

Our selling and marketing expenses increased from RMB7.2 million in 2022 to RMB10.3 million in 2023, primarily driven by an increase in employee benefit expenses from RMB2.7 million in 2022 to RMB5.8 million in 2023, mainly due to the increased headcounts and compensation level of our selling and marketing staff as a result of the expansion of our sales team.

### *Administrative and Other Operating Expenses*

Our administrative and other operating expenses increased from RMB31.5 million in 2022 to RMB58.5 million in 2023, primarily as a result of (i) a significant increase in professional service and other consulting fees from RMB7.3 million in 2022 to RMB22.8 million in 2023 in relation to the [REDACTED]; (ii) an increase in employee benefit expenses from RMB13.2 million in 2022 to RMB18.3 million in 2023, mainly due to the increased

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headcounts and compensation level of our administrative and other staff as a result of the expansion of our management and administration team and increased number of operating subsidiaries; and (iii) an increase in depreciation and amortization in association with our administrative and other operating activities from RMB5.7 million in 2022 to RMB9.9 million in 2023.

### *Impairment Loss on Trade Receivables*

Our impairment loss on trade receivables increased from RMB42.6 million in 2022 to RMB55.4 million in 2023, reflecting a substantial slowdown in the increase of our loss allowance on trade receivables. For details of our progresses made on collection of our trade receivables since 2023, see “– Discussion of Selected Items from Consolidated Statements of Financial Position – Trade and Other Receivables – Trade Receivables” in this section.

### *Net Finance Costs*

Our net finance costs increased slightly from RMB9.0 million in 2022 to RMB11.7 million in 2023, primarily due to an increase in interest on bank loans and other borrowings.

### *Changes in Carrying Amount of Redeemable Capital Contributions*

Our changes in carrying amount of redeemable capital contributions decreased from RMB157.5 million in 2022 to RMB146.9 million in 2023, which was primarily related to the expected amount to be paid to the relevant investors upon redemption or liquidation in relation to the redemption rights and liquidation preference under their equity investments.

### *Changes in Fair Value of Financial Assets Measured at Fair Value through Profit or Loss*

Our changes in fair value of financial assets measured at fair value through profit or loss decreased from RMB8.3 million in 2022 to RMB0.3 million in 2023, which was related to our strategic investment in a private company incorporated in PRC that primarily engages in the manufacturing and sales of AI hardware in 2021.

### *Income Tax*

Our income tax changed from a tax credit of RMB5.1 million in 2022 to a tax charge of RMB0.4 million in 2023, primarily due to a significant increase in our current tax provision for the year.

### *Loss for the Year*

As a result of the foregoing, our loss for the year decreased from RMB85.8 million in 2022 to RMB29.2 million in 2023.

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### 2022 Compared to 2021

#### *Revenue*

Our total revenue increased from RMB459.9 million in 2021 to RMB515.0 million in 2022, primarily due to the growth in our revenue from city management and administration and telecommunications industry. Our revenue from city management and administration increased from RMB165.1 million in 2021 to RMB192.7 million in 2022, primarily due to our continuous offering of solutions for intelligent towns and other industrial parks, as well as the increased purchase of our solutions from our existing customers. Our revenue from telecommunications industry also increased from RMB68.4 million in 2021 to RMB91.8 million in 2022, primarily due to the increased purchase of our solutions from our existing customers. For instance, Customer B, one of our major customers in telecommunications industry during the Track Record Period that contributed to our fifth largest project in 2021 and third largest project in 2022 in terms of revenue contribution further expanded its purchase from us in 2022. Specifically, the revenue generated from Customer B increased 173.6% in 2022 as compared with 2021. Our revenue from automotive and transportation also increased from RMB81.3 million in 2021 to RMB83.4 million in 2022. Leveraging our IoV-related service experiences accumulated for more than one decade and our recent penetration into V2X scenario, we expect that our revenue from automotive and transportation will be further driven by the rapid technological developments and proliferation of autonomous driving and new-energy vehicles in China. Our revenue from finance industry decreased from RMB96.1 million in 2021 to RMB79.7 million in 2022, primarily due to our temporarily reduced business transactions in 2022 with one of our major customers that contributed to our third largest project in 2021 in terms of revenue contribution due to the adverse impact of COVID-19 on the end users’ timely payment. However, based on the mutual understanding between us and such customer, we believe that business transactions between the two parties will resume along with the decline of the spread of COVID-19 in China since 2023.

#### *Cost of Revenue*

Our cost of revenue increased from RMB307.8 million in 2021 to RMB313.5 million in 2022, which was generally in line with the growth of our revenue.

#### *Gross Profit and Gross Profit Margin*

As a result of the foregoing, our gross profit increased by 32.4% from RMB152.2 million in 2021 to RMB201.5 million in 2022. Our gross margin increased from 33.1% in 2021 to 39.1% in 2022, which was primarily due to the increased level of modularization and standardization of our solutions. For instance, two of our five largest projects in terms of revenue contribution in 2022 were realized through software only or software plus hardware solutions featuring relatively high project-based gross profit margin.

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### *Other Revenue*

Our other revenue increased from RMB7.7 million in 2021 to RMB11.0 million in 2022, primarily due to the government grants that we newly received in 2022.

### *Research and Development Expenses*

Our research and development expenses increased significantly from RMB36.3 million in 2021 to RMB64.0 million in 2022, as we further increased our research and development efforts to enhance our technological capabilities and to meet the needs of our business growth. More specifically, the increase was primarily attributable to (i) a significant increase in employee benefit expenses from RMB13.5 million in 2021 to RMB23.9 million in 2022, mainly due to the increased headcounts and compensation level of our research and development staff as a result of the expansion of our research and development team; and (ii) a significant increase in technology service fees from RMB20.1 million in 2021 to RMB29.1 million in 2022 as a result of our iterative and continuous development in relation to our product engine and the analytic and application capabilities of our solutions, etc., in order to further the penetration of our solutions into different end-customer industries.

### *Selling and Marketing Expenses*

Our selling and marketing expenses increased from RMB3.2 million in 2021 to RMB7.2 million in 2022, which was primarily driven by our continuous efforts to enhance our brand awareness and investments in engaging with existing customers and attracting new customers. More specifically, the increase was primarily attributable to (i) an increase in marketing and traveling expenses from RMB0.8 million in 2021 to RMB4.0 million in 2022, mainly due to our advertisement placements to promote our solutions in automotive and transportation and also build our brand; and (ii) an increase in employee benefit expenses from RMB2.1 million in 2021 to RMB2.7 million in 2022, mainly due to the increased headcounts and compensation level of our selling and marketing staff as a result of the expansion of our sales team.

### *Administrative and Other Operating Expenses*

Our administrative and other operating expenses increased from RMB24.6 million in 2021 to RMB31.5 million in 2022, primarily as a result of (i) an increase in depreciation and amortization from RMB1.6 million in 2021 to RMB5.7 million in 2022, mainly due to the increased amortization of our acquired software; and (ii) an increase in employee benefit expenses from RMB9.4 million in 2021 to RMB13.2 million in 2022, mainly due to the increased headcounts and compensation level of our administrative and other staff as a result of the expansion of our management and administration team to support our business growth.



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### *Impairment Loss on Trade Receivables*

Our impairment loss on trade receivables increased from RMB17.4 million in 2021 to RMB42.6 million in 2022, which was in line with the substantial increase in our trade receivables during the same years as driven by the overall growth in the revenue generated from our solutions. For details, see “– Discussion of Selected Items from Consolidated Statements of Financial Position – Trade and Other Receivables – Trade Receivables” in this section.

### *Net Finance Costs*

Our net finance costs increased slightly from RMB8.2 million in 2021 to RMB9.0 million in 2022, primarily due to an increase in interest on bank loans and other borrowings.

### *Changes in Carrying Amount of Redeemable Capital Contributions*

Changes in carrying amount of redeemable capital contributions increased from RMB26.0 million in 2021 to RMB157.5 million in 2022, primarily due to an increase in the expected amount to be paid to the relevant investors upon redemption or liquidation in relation to the redemption rights and liquidation preference under their equity investments.

### *Changes in Fair Value of Financial Assets Measured at Fair Value through Profit or Loss*

Changes in fair value of financial assets measured at fair value through profit or loss increased from nil in 2021 to RMB8.3 million in 2022, which was related to our strategic investment in a private company incorporated in PRC that primarily engages in the manufacturing and sales of AI hardware in 2021.

### *Income Tax*

Our income tax changed from a tax charge of RMB8.0 million in 2021 to a tax credit of RMB5.1 million in 2022, primarily due to a significant decrease in our current tax provision for the year.

### *Profit for the Year*

As a result of the foregoing, we record net profit of RMB36.4 million in 2021 and net loss of RMB85.8 million in 2022.



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### DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected items from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property and equipment	4,973	64,530	96,647
Right-of-use assets	7,702	10,694	14,616
Intangible assets	24,236	110,950	110,682
Goodwill	17,111	39,168	39,168
Interests in associates	360	2,041	230
Equity securities designated at fair value through other comprehensive income (FVOCI)	516	560	771
Financial assets measured at fair value through profit or loss (FVPL)	20,000	28,337	28,595
Prepayments	72,909	34,360	179,956
Deferred tax assets	5,184	10,038	18,399
<b>Total non-current assets</b>	<b>152,991</b>	<b>300,678</b>	<b>489,064</b>
<b>Current assets</b>			
Inventories and other contract costs	112,475	95,269	7,653
Trade and other receivables	242,812	339,674	602,705
Prepayments	95,296	139,219	233,834
Cash	10,641	20,434	46,876
<b>Total current assets</b>	<b>461,224</b>	<b>594,596</b>	<b>891,068</b>
<b>Current liabilities</b>			
Trade and other payables	46,518	59,433	43,389
Contract liabilities	26,732	31,127	97,423
Bank loans and other borrowings	150,663	211,650	342,000
Lease liabilities	2,302	4,128	8,115
Taxation payable	2,897	2,890	3,169
Redeemable capital contributions	265,666	527,970	852,912
<b>Total current liabilities</b>	<b>494,778</b>	<b>837,198</b>	<b>1,347,008</b>
<b>Net current liabilities</b>	<b>(33,554)</b>	<b>(242,602)</b>	<b>(455,940)</b>

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	As of December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current liabilities</b>			
Bank loans and other borrowings	–	10,000	10,000
Lease liabilities	6,614	8,589	10,684
Deferred tax liabilities	2,016	3,973	2,832
Deferred income	1,047	871	2,036
	<b>9,677</b>	<b>23,433</b>	<b>25,552</b>
<b>Total non-current liabilities</b>	<b>9,677</b>	<b>23,433</b>	<b>25,552</b>
<b>Net assets</b>	<b>109,760</b>	<b>34,643</b>	<b>7,572</b>
<b>Capital and reserves</b>			
Share capital	25,670	28,290	31,059
Reserves	81,389	(8,349)	(42,742)
	Total equity attributable to equity	shareholders of our Company	(11,683)
	107,059	19,941	19,255
	2,701	14,702	19,255
	<b>109,760</b>	<b>34,643</b>	<b>7,572</b>
<b>Total equity</b>	<b>109,760</b>	<b>34,643</b>	<b>7,572</b>

### Current Assets and Liabilities

The table below sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of
	2021	2022	2023	April 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>
<b>Current assets</b>				
Inventories and other contract costs	112,475	95,269	7,653	5,059
Trade and other receivables	242,812	339,674	602,705	611,718
Prepayments	95,296	139,219	233,834	264,220
Cash	10,641	20,434	46,876	49,726
	<b>461,224</b>	<b>594,596</b>	<b>891,068</b>	<b>930,723</b>
<b>Total current assets</b>	<b>461,224</b>	<b>594,596</b>	<b>891,068</b>	<b>930,723</b>

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	As of December 31,			As of April 30,
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
<b>Current liabilities</b>				
Trade and other payables	46,518	59,433	43,389	41,424
Contract liabilities	26,732	31,127	97,423	55,131
Bank loans and other borrowings	150,663	211,650	342,000	434,840
Lease liabilities	2,302	4,128	8,115	9,189
Taxation payable	2,897	2,890	3,169	885,115
Redeemable capital contributions	265,666	527,970	852,912	3,185
<b>Total current liabilities</b>	<b>494,778</b>	<b>837,198</b>	<b>1,347,008</b>	<b>1,428,884</b>
<b>Net current liabilities</b>	<b>(33,554)</b>	<b>(242,602)</b>	<b>(455,940)</b>	<b>(498,161)</b>

Our net current liabilities increased from RMB33.6 million as of December 31, 2021 to RMB242.6 million as of December 31, 2022, mainly because our total current assets increased from RMB461.2 million as of December 31, 2021 to RMB594.6 million as of December 31, 2022, primarily due to an increase in our trade and other receivables, while our total current liabilities increased from RMB494.8 million as of December 31, 2021 to RMB837.2 million as of December 31, 2022, primarily due to an increase in our (i) redeemable capital contributions significantly from RMB265.7 million as of December 31, 2021 to RMB528.0 million as of December 31, 2022; and (ii) bank loans and other borrowings from RMB150.7 million as of December 31, 2021 to RMB211.7 million as of December 31, 2022. Our net current liabilities further increased to RMB455.9 million as of December 31, 2023, mainly because our total current assets increased from RMB594.6 million as of December 31, 2022 to RMB891.1 million as of December 31, 2023, primarily due to an increase in our trade and other receivables and prepayments as we scaled up our operations, while our total current liabilities increased from RMB837.2 million as of December 31, 2022 to RMB1,347.0 million as of December 31, 2023, primarily due to an increase in our (i) redeemable capital contributions significantly from RMB528.0 million as of December 31, 2022 to RMB852.9 million as of December 31, 2023; and (ii) bank loans and other borrowings from RMB211.7 million as of December 31, 2022 to RMB342.0 million as of December 31, 2023. The aforementioned significant amount of our redeemable capital contributions was in relation to our obligation to repurchase equity investments respecting the [REDACTED] Investments and as a result of our growing market capitalization, and the increase in our bank loans and other borrowings were incurred to fund our continuously expanded business.

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We expect to turn our net current liabilities position into net current assets upon completion of the [REDACTED] and the [REDACTED], as carrying amount of such redeemable capital contributions will be reclassified from financial liabilities to equity as a result of the termination of the preferred rights. For details, see “Financial Information – Discussion on Selected Items from Consolidated Statements of Financial Position – Redeemable Capital Contributions” in this document. Furthermore, we endeavor to improve our net current position by improving our operating efficiency through enhanced cost control measures, therefore leading to sustainable growth with limited incremental costs. Moreover, we will further manage our cash flows, aiming to reach better liquidity and improved cash position which in turn can increase our current assets.

Our net assets decreased from RMB109.8 million as of December 31, 2021 to RMB34.6 million as of December 31, 2022, mainly reflected changes in equity primarily resulting from our loss for the year of 2022 of RMB85.8 million. Our net assets decreased from RMB34.6 million as of December 31, 2022 to RMB7.6 million as of December 31, 2023, mainly reflected changes in equity primarily resulting from our loss for the year of 2023 of RMB29.2 million.

### Property and Equipment

During the Track Record Period, our property and equipment primarily consisted of electronic equipment, furniture, servers, vehicles, construction-in-progress and leasehold improvements. The following table sets forth a breakdown of our property and equipment as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Electronic equipment	2,008	1,475	2,801
Furniture	314	260	575
Servers	1,778	2,293	81,568
Vehicles	23	23	23
Construction-in-progress	253	60,172	–
Leasehold improvements	597	307	11,680
	<b>4,973</b>	<b>64,530</b>	<b>96,647</b>

Our property and equipment increased from RMB5.0 million as of December 31, 2021 to RMB64.5 million as of December 31, 2022, and further to RMB96.6 million as of December 31, 2023, primarily due to significant additions of construction-in-progress, which had been transferred as fixed assets as of December 31, 2023, as a result of the construction of our AI empowerment computing center.

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### Right-of-Use Assets

During the Track Record Period, our right-of-use assets primarily related to our leased buildings used in our operations. Our right-of-use assets increased from RMB7.7 million as of December 31, 2021 to RMB10.7 million as of December 31, 2022, and further to RMB14.6 million as of December 31, 2023, primarily due to our entry into new leases to support our business expansions and our modifications made thereto in 2023.

### Intangible Assets

During the Track Record Period, our intangible assets primarily consisted of software and patents. The following table sets forth a breakdown of our intangible assets as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Software	16,173	95,056	96,988
Patents	8,063	15,894	13,694
	<b>24,236</b>	<b>110,950</b>	<b>110,682</b>

Our intangible assets increased from RMB24.2 million as of December 31, 2021 to RMB111.0 million as of December 31, 2022, primarily due to continuous additions of (i) purchase of software in relation to enhancing our technological development and accumulations, improving our service capabilities, as well as offering specific solutions; and (ii) patents as a result of our acquisitions of Jinxun Digital Intelligence in 2022. While our solutions offered during the Track Record Period were based upon our core technologies, we made significant purchase of software during the Track Record Period primarily for purposes of internal corporate management and administration, as well as in relation to: (i) video-related areas such as intelligent human image recognition and image and video storage, which synergize with our core conversational AI technologies to allow speedy offering of solutions catering to enterprise-level users' demands and facilitate the development and commercialization of visualizable conversational AI in the short term; (ii) management and optimization of multimodal data, which could improve our efficiency for AI algorithm training; and (iii) other technologies that render coordination in specific application scenarios of our solutions, such as that in city management and administration and automotive and transportation. The net book value of our software increased significantly from RMB16.2 million as of December 31, 2021 to RMB95.1 million as of December 31, 2022, primarily due to our increased purchase of software in relation to the aforementioned internal corporate

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management and administration, training and optimization of AI algorithms, and the development of visualizable conversational AI. Our intangible assets remained relatively stable at RMB111.0 million as of December 31, 2022 and RMB110.7 million as of December 31, 2023.

### Goodwill

Our goodwill increased from RMB17.1 million as of December 31, 2021 to RMB39.2 million as of December 31, 2022 and December 31, 2023, as a result of our acquisition of Jinxun Digital Intelligence in 2022. For details of the acquisitions, see “History, Development and Corporate Structure – Acquisitions During the Track Record Period” in this document.

Goodwill is attributable to the acquired market share and economies of scale expected to be derived from combining with the operations of our Group following these acquisitions. We carry out our annual impairment test on goodwill by comparing the recoverable amounts of cash-generating unit (CGU) or group of CGUs to the carrying amounts. Goodwill arising from the acquisitions of Yuanya Information and Jinxun Digital Intelligence was monitored separately and assessed as separate CGUs for the purpose of impairment testing. Specifically, impairment review on the goodwill had been conducted by our management as of December 31, 2021, 2022 and 2023. The recoverable amounts of the CGUs are determined based on value-in-use (VIU) calculations. These calculations use cash flow projections based on financial budgets approved by our management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates.

Key assumptions of the significant CGU as of December 31, 2021 are set out as follow:

	<b><u>Yuanya Information</u></b>
Compound annual growth rate of revenue during the five-year forecast period	12.5%
Long-term growth rate	2.5%
Discount rate	16.3%

Key assumptions of the significant CGU as of December 31, 2022 are set out as follow:

	<b><u>Yuanya Information</u></b>	<b><u>Jinxun Digital Intelligence</u></b>
Compound annual growth rate of revenue during the five-year forecast period	13.0%	7.9%
Long-term growth rate	2.3%	2.3%
Discount rate	16.3%	16.8%

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Key assumptions of the significant CGU as of December 31, 2023 are set out as follow:

	<b>Yuanya Information</b>	<b>Jinxun Digital Intelligence</b>
Compound annual growth rate of revenue during the five-year forecast period	8.1%	19.5%
Long-term growth rate	2.2%	2.2%
Discount rate	16.3%	16.8%

We adopted the discounted cash flow (“DCF”) method to determine the recoverable amount of the CGU with the assistance of an independent valuer. In order to perform the impairment assessment, we prepared cash flow projections of the CGU as of December 31, 2021, 2022 and 2023, and specific risk has been considered in the risk adjusted cash flow projections. After considering all the inputs, the pre-tax discount rate derived as of each of December 31, 2021, 2022 and 2023 was around to 16.3% and 16.8% as the inputs to the model in determining the discount rate remained similar as of each of the same dates.

Details of the headroom calculated based on the recoverable amounts deducting the carrying amounts allocated for the significant CGUs are set out as follows:

	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Yuanya Information	2,754	4,004	7,864
Jinxun Digital Intelligence	–	2,854	7,861

Our management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets out the hypothetical changes to annual growth rate during the five-year forecast and discount rate that would, in isolation, have removed the remaining headroom respectively as of December 31, 2021:

	<b>Yuanya Information</b>
Compound annual growth rate of revenue during the five-year forecast period	-0.5%
Discount rate	+0.7%

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The following table sets out the hypothetical changes to annual growth rate during the five-year forecast and discount rate that would, in isolation, have removed the remaining headroom respectively as of December 31, 2022:

	<u>Yuanya Information</u>	<u>Jinxun Digital Intelligence</u>
Compound annual growth rate of revenue during the five-year forecast period	-0.6%	-0.6%
Discount rate	+1.1%	+0.6%

The following table sets out the hypothetical changes to annual growth rate during the five-year forecast and discount rate that would, in isolation, have removed the remaining headroom respectively as of December 31, 2023:

	<u>Yuanya Information</u>	<u>Jinxun Digital Intelligence</u>
Compound annual growth rate of revenue during the five-year forecast period	-2.0%	-2.0%
Discount rate	1.9%	1.6%

Our Directors determined that no impairment on goodwill was required as of December 31, 2021, 2022 and 2023 with reference to the recoverable amounts. We performed annual impairment test on goodwill at the end of each reporting year. The recoverable amount of the CGU based on the VIU calculations is higher than its carrying amount as of December 31, 2021, 2022 and 2023. With regard to the assessment of the VIU of the CGUs, our Directors believe that any reasonably possible change in any of the above key assumptions would not cause the carrying value, including goodwill, of the CGUs to exceed the recoverable amounts. For details, see Note 15 to the Accountants’ Report in Appendix I to this document.

### **Financial Assets Measured at Fair Value through Profit or Loss (FVPL)**

During the Track Record Period, our financial assets measured at FVPL arose from our strategic investment of unlisted equity securities in a private company incorporated in PRC that primarily engages in the manufacturing and sales of AI hardware. The investment was classified as financial assets measured at FVPL because it contains substantive liquidation preference and is redeemable at our option if the invested company is liquidated in the future. The redeemable amount is calculated by investment consideration plus remaining net assets on pro rata basis. Our financial assets measured at FVPL increased from RMB20.0 million as of December 31, 2021 to RMB28.3 million as of December 31, 2022, and further to RMB28.6 million as of December 31, 2023, as a result of the business growth of such invested company. For details, see Note 18 to the Accountants’ Report in Appendix I to this document.



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We have been in the past, and may in the future, prudently evaluate and consider a wide array of potential investments in emerging businesses that are complementary to our business to implement our long-term growth strategy, develop our solutions and expand and penetrate the end-customer industries we cover. We select our investment target companies based on the end-customer industry in which the target operates, the target’s strengths of technologies and solutions, the target’s business and financial performance and the synergies between the target and us. During the Track Record Period, we made minority equity investments in certain private company, which were measured as financial assets at fair value through profit or loss. We undertake prudent evaluation and approval process in making investment decisions. When potential investment opportunities are presented to our leadership, our senior management team will arrange dedicated personnel to conduct preliminary due diligence and evaluation against the applicable selection criteria, the results of which will then be submitted to our senior management team for pre-approval. Upon such pre-approval, a project working group will be organized and third-party professionals will be engaged to conduct comprehensive due diligence, negotiate with the target company and evaluate risks associated with the investment. Investment agreements will be subject to review by professionals with legal and financial expertise and our senior management team members experienced in negotiating and executing equity investments. After making an investment, we typically conduct on-site visits at the invested company periodically and report their operational and financial results to our senior management team regularly, continuing to monitor its business performance. Our Board is the ultimate decision-making authority on investments, responsible for overseeing all the investment decisions and evaluating the reasons for the investment, and will conduct periodical review on the returns of our investments. In particular, any investment to the following effects shall be subject to our Board’s prior review: (i) the transaction amount (including debts and expenses assumed) accounts for 50% or more of our Company’s audited net assets at latest audited financial statements; (ii) the profit generated from the transaction accounts for 50% or more of our Company’s audited net profit in the most recent accounting year; (iii) the relevant operating revenue of the target in the most recent accounting year accounts for 50% or more of our Company’s audited operating revenue in such most recent accounting year; or (iv) the relevant net profit of the target in the most recent accounting year accounts for 50% or more of our Company’s audited net profit in such most recent accounting year. These investments will be subject to the compliance with Chapter 14 of the Listing Rules after the [REDACTED].

### Prepayments

During the Track Record Period, our prepayments primarily consisted of the current portion of prepayments for goods and services and the non-current portion of prepayments for purchase of property, equipment and intangible assets, as well as for services. The following table sets forth a breakdown of our prepayments as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Current</b>			
Prepayments for goods and services	95,296	139,219	233,834

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	As of December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current</b>			
Prepayments for purchase of property, equipment and intangible assets	63,009	24,460	145,002
Prepayments for services	9,900	9,900	34,954
	<b>168,205</b>	<b>173,579</b>	<b>413,790</b>

The current portion of our prepayments increased from RMB95.3 million as of December 31, 2021 to RMB139.2 million as of December 31, 2022, primarily in relation to our prepayments for network resources for our city management and administration projects. Specifically, city management and administration projects usually involve the establishment of an intelligent town cluster where the infrastructure, administration, and various businesses of hundreds of towns are being unified and integrated into one cloud-based platform, which necessitates the use of network resources as fundamental resources for enterprise-level participants in city management and administration projects. As such, we entered into a long-term procurement agreement on such network resources with a major telecommunications company in China. Pursuant to the agreement, we are obligated to make payment by 19 installments from 2018 to 2026. For details of the procurement agreement and our payment obligations thereunder, see “Business – Suppliers and Procurement – Top Suppliers” in this document. The current portion of our prepayments further increased from RMB139.2 million as of December 31, 2022 to RMB233.8 million as of December 31, 2023, which reflected the balance of prepayments primarily related to (i) procurement of hardware components for continuously offering software plus hardware solutions; and (ii) our research and development programs, in addition to that in relation to the aforementioned network resources for our city management and administration projects. Specifically, driven by our rapid revenue growth, we expanded our offerings of software plus hardware solutions, which required us to procure a greater volume of hardware primarily including communication devices, servers and computers. Furthermore, we continuously outsourced from third-party technology service providers certain research and development programs, primarily in relation to data training and AI algorithm optimization, which was in line with the increased demand for our solutions and thus the greater data volume involved. For details of the major technology services so procured and the research and development expenses attributable thereto in 2023, see “– Description of Selected Components of Consolidated Statements of Profit or Loss – Research and Development Expenses” in this section. Such prepayments are expected to be gradually recognized as cost of revenue in the course of our offering the software plus hardware solutions or expensed once the relevant services are provided. The non-current portion of our prepayments decreased from RMB72.9 million as of December 31, 2021 to RMB34.4 million as of December 31, 2022, which reflected our suppliers’ continuous performance of their obligations in delivering to us the prepaid property, equipment and intangible assets mainly in relation to the construction and operation of our AI empowerment computing center, and our

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settlement therewith. The non-current portion of our prepayments increased significantly from RMB34.4 million as of December 31, 2022 to RMB180.0 million as of December 31, 2023, which reflected the balance of prepayments primarily related to that for property, equipment and intangible assets associated with the construction and operation of our AI empowerment computing center, as well as ICVs needed for our solutions in automotive and transportation as we have increasingly penetrated into V2X scenario, such as in Mianyang, Sichuan.

As of the Latest Practicable Date, RMB129.2 million, accounting for approximately 55.2% of the current portion of our prepayments as of December 31, 2023, had been subsequently settled.

### Inventories and Other Contract Costs

During the Track Record Period, our inventories primarily included communication devices, servers and computers, and perception equipment and accessories that were or are to be integrated into our solutions. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Communication devices	74,529	55,246	–
Servers and computers	37,306	30,742	593
Perception equipment and accessories	–	8,134	5,561
Others	640	1,147	36
	–	–	1,463
Other contract cost	–	–	1,463
	<b>112,475</b>	<b>95,269</b>	<b>7,653</b>

Our inventories and other contract costs decreased from RMB112.5 million as of December 31, 2021 to RMB95.3 million as of December 31, 2022, and further to RMB7.7 million as of December 31, 2023, which mainly reflected the continuous integration of the hardware components anticipatorily prepared in 2021 into our solutions.

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The table below sets forth our inventories turnover days for the years indicated:

	Year Ended December 31,		
	2021	2022	2023
Inventories turnover days*	128	121	62

*Note:*

- \* Inventories turnover days for a year is the arithmetic mean of the beginning and ending balances of inventories for the relevant year divided by the sum of cost of sales for the relevant year divided by 365 for 2021, 2022 and 2023.

The fluctuation of our inventories turnover days during the Track Record Period was in line with the fluctuation of our inventories as of the end of each reporting year. Our inventories turnover days decreased from 128 days for 2021 to 121 days for 2022, which mainly reflected the continuous integration of the hardware components anticipatorily prepared in 2021 into our solutions. Our inventories turnover days decreased from 121 days for 2022 to 62 days for 2023, reflecting the decreased balance of our inventories as of December 31, 2023 in comparison with December 31, 2021.

We expect that we will maintain a stable and optimal level of inventories going forward. Our Directors confirmed that we had not experienced any material recoverability issues for our inventories during the Track Record Period as all inventories are expected to be recovered within one year. We do not anticipate to have any material recoverability issues for our inventories in the foreseeable future, given that (i) the accumulation of our inventories are well backed by pre-existing orders made from our customers and thus their sufficient demand that have constantly driven our increased sales performance in line with our business growth, and will be recognized as cost of revenue per the satisfaction of our related performance obligations; (ii) we had not encountered any material impairment loss that have materially and adversely affected our business operations caused by slow-moving inventories during the Track Record Period; (iii) to the best knowledge of our Directors, our quality customer base maintains healthy financial conditions in general; (iv) our inventories are predominantly electronics or network resources that are generally not perishable in nature and can maintain marketable value with relatively long life cycle; and (v) our management is of the view that the risk of failure to satisfy our related performance obligations is remote considering that our business operation and financial conditions are healthy. Our Directors believe that our inventories will be utilized in due course in the course of our business growth and the continuously increasing demand for our software plus hardware solutions. Besides, we have taken effective inventory management measures, including closely monitor our inventory level and performing inventory count and physical inspection periodically, and will from time to time review and make sufficient provisions if needed.

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The table below sets forth an ageing analysis of our inventories by category as of December 31, 2023:

	Communication devices	Servers and computers	Perception equipment and accessories	Others	Subtotal
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	–	593	5,561	36	6,190

As of the Latest Practicable Date, RMB6.0 million, accounting for approximately 97.0% of our inventories as of December 31, 2023, had been subsequently utilized.

### Trade and Other Receivables

During the Track Record Period, our trade and other receivables primarily consisted of trade receivables, bills receivables and other receivables mainly including value added tax (VAT) recoverable, taxation recoverable and other deposit and receivable. Our trade and other receivables increased from RMB242.8 million as of December 31, 2021 to RMB339.7 million as of December 31, 2022, and further to RMB602.7 million as of December 31, 2023. The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	248,068	379,103	704,682
Less: loss allowance on trade receivables	(32,368)	(66,479)	(121,858)
Net trade receivables	215,700	312,624	582,824
Bills receivables	10,500	–	–
VAT recoverable	9,296	16,661	13,430
Taxation recoverable	1,104	8,896	650
Capitalization of [REDACTED] expenses	–	–	3,564
Other deposit and receivable	6,212	1,493	2,237
	<b>242,812</b>	<b>339,674</b>	<b>602,705</b>

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### *Trade Receivables*

During the Track Record Period, our trade receivables consisted primarily of outstanding fees due from customers in connection with the transactions with respect to our solutions. During the Track Record Period, our trade receivables continued to increase, which was generally driven by the overall growth in the revenue generated from our solutions. As of December 31, 2021, 2022 and 2023, our net trade receivables amounted to RMB215.7 million, RMB312.6 million and RMB582.8 million, respectively. Our loss allowance on trade receivables increased during the Track Record Period driven by the increase of our trade receivables balance, which was in line with our business growth. We measure our loss allowance on trade receivables at lifetime expected credit losses, which are determined based upon our historical credit loss experience with reference to all reasonable and substantial information, including forward-looking information, historical migration rates, judgments on future recovery risk and a characteristic analysis of credit risk. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among our different customer bases. During the Track Record Period, the provision ratios for bad and doubtful debts across different ageing ranges of our trade receivables past due did not change materially. As of December 31, 2021, 2022 and 2023, we recorded loss allowance on trade receivables of RMB32.4 million, RMB66.5 million and RMB121.9 million, accounting for approximately 13.0%, 17.5% and 17.3% of our trade receivables as of the same dates, respectively. Our Directors confirmed that our credit policies in relation to our customers remained the same. The table below sets forth a breakdown of our trade receivables as of December 31, 2023 with subsequent settlement as of the Latest Practicable Date by customer types:

	<b>As of December 31, 2023</b>	<b>Subsequent Settlement as of the Latest Practicable Date</b>	<i>% as of December 31, 2023</i>
	<i>RMB'000</i>	<i>RMB'000</i>	
Enterprise-level solutions			
– <i>System integrators</i>	569,557	143,676	25.2
– <i>Enterprise-level users</i>	132,259	38,638	29.2
Others	2,866	2,331	81.3
<b>Total</b>	704,682	184,645	26.2

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The table below sets forth our trade receivables turnover days for the years indicated:

	Years Ended December 31,		
	2021	2022	2023
Trade receivables turnover days*	137	222	243

*Note:*

- \* Trade receivables turnover days for a year is the arithmetic mean of the beginning and ending balances of trade receivables for the relevant year divided by the revenue for the relevant year divided by 365 for each of 2021, 2022 and 2023.

Our trade receivables turnover days were relatively lengthy during the Track Record Period, which was primarily due to the fact that our solutions had been increasingly offered via large-scale projects to end customers from the public sector that features solid credit status yet a long payment cycle with respect to such projects because of their internal financial management and payment approval processes. Also, it is market practice that end users in China’s enterprise-level conversational AI solution market tend to settle payments with their conversational AI solution suppliers and/or the system integrators involved typically only after a relatively substantial period of time subsequent to delivery and acceptance of the projects, according to the iResearch Report. According to the same source, the settlement cycle of our customers is in line with industry average.

Furthermore, we generated a significant percentage of revenue from offering our solutions to system integrators that embedded our solutions into their offerings to enterprise-level users during the Track Record Period. There is not any contractual term under our agreements with the system integrators providing that they would only settle with us after receiving payment from their end customers or otherwise establishing a direct correlation or dependency between the two payment streams. Rather, we have the absolute entitlement to payment from the system integrators within the agree-upon payment terms and conditions once we recognize revenue upon acceptance thereby. Yet still, the pace at which the system integrators settle with us could be factually contingent upon the timing of when they receive payments from their end customers as a matter of commercial consideration and market practice driven by the cash flow dynamics and operational realities within the value chain. Since system integrators normally have significant upfront costs associated with integrating, customizing and deploying their offerings to their end customers, their ability and tendency to settle timely with their upstream suppliers like us could be impacted by their receipt of payments from their end customers, which is in line with common practice in the industry. For details of our measures to manage such impact on collection of our trade receivables, see “Business – Customers and Customer Support” in this document.

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The table below sets forth a breakdown of our trade receivables by end-customer industries as of the dates indicated with subsequent settlement of balance of December 31, 2023 as of the Latest Practicable Date:

	As of December 31,			Subsequent Settlement of Balance of December 31, 2023 as of the Latest Practicable Date	
	2021	2022	2023	Date	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>% as of December 31, 2023</i>
City management and administration	29,336	67,057	198,083	42,024	21.0
Automotive and transportation	20,632	27,167	112,272	28,143	25.0
Telecommunications	34,485	82,558	193,560	54,677	28.0
Finance	103,532	124,019	125,128	21,178	17.0

The table sets forth our trade receivables turnover days by end-customer industries for the years indicated:

	Years Ended December 31,		
	2021	2022	2023
Trade receivables turnover days*			
Enterprise-level solutions			
– <i>City Management and Administration</i>	42	92	151
– <i>Automotive and Transportation</i>	80	105	133
– <i>Telecommunications</i>	180	233	290
– <i>Finance</i>	248	521	538

*Note:*

\* Trade receivables turnover days for a year is the arithmetic mean of the beginning and ending balances of trade receivables for the relevant year divided by the revenue for the relevant year divided by 365 for each of 2021, 2022 and 2023.

During the Track Record Period, our trade receivables turnover days for each of our four key end-customer industries were influenced by whether we recognized revenue and thus recorded trade receivables over time or at a point in time upon a customer’s acceptance of the projects. In line with our recognition of revenue over time in relation to the majority of our customers in city management and administration pursuant to our contractual arrangements therewith, such customers are more likely to settle with us periodically, mainly due to which our trade receivables turnover days for city management and administration were relatively shorter during the Track Record Period. By contrast, our revenue for the other end-customer industries were recognized primarily at a point in time upon acceptance of the projects. Among



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these end-customer industries, our solutions in telecommunications industry and finance industry were primarily offered to enterprise-level users from the public sector, who tended to settle payments after a relatively long period of time subsequent to acceptance.

Our trade receivables turnover days increased substantially from 137 days in 2021 to 222 days in 2022, primarily because COVID-19 had in particular extended the period over which we used to collect our trade receivables. For instance, widespread lockdowns and business closures due to COVID-19 disrupted operations for many customers/enterprise-level users, leading to fluctuated financial performance and cash flow challenges that delayed their ability to pay outstanding balances on time. Also, absenteeism and remote work arrangements created operational hurdles for certain customers/enterprise-level users, which slowed down the approval processes for releasing payments.

Our trade receivables turnover days further increased from 222 days in 2022 to 243 days in 2023, primarily driven by our customers/enterprise-level users’ adjustment of their internal policies for settling with their service providers in accordance with the macro-economic changes in the aftermath of the pandemic, which was in line with market practice according to the iResearch Report, and therefore slowed the pace at which the outstanding payments were being settled compared with previous years. Specifically, the macro-economic landscape experienced continuous disruptions over the past few years stemming from an intricate combination of factors. For instance, the pandemic triggered widespread lockdowns and restrictions, severely impacting supply chains, production and consumer spending across various industries. The post-COVID economic recovery was further complicated by heightened geopolitical tensions that led to trade disputes, export controls and retaliatory actions, introducing additional uncertainties and obstacles to global trade flows. The volatile and challenging market condition shaped by such combination of factors ranging from pandemic-induced operational constraints to geopolitical tensions straining supply chains and trade relationships has prompted enterprises and organizations across sectors to exercise caution in their financial management and payment cycles to grapple with cash flow pressures. Accordingly, our customers/enterprise-level users elected to adjust their internal policies as they navigated these unprecedented economic conditions. Because of the same reasons, as of the Latest Practicable Date, RMB184.6 million, accounting for approximately 26.2% of our trade receivables as of December 31, 2023, had been subsequently settled.

Notwithstanding the foregoing, our Directors are of the view that there is no material recoverability issue with our trade receivables, based upon the reasons set forth below:

- **Recent Regulatory Development on Clearing up Overdue Payments.** The PRC central authorities in recent months have placed a strong emphasis on tackling the issue of the public sector’s overdue trade receivables owed to enterprises and urged concerted efforts from governmental bodies to proactively clear up trade balances payable to businesses. For instance, on September 20, 2023, the executive meeting of the State Council reviewed and approved the *Special Action Plan for Clearing Up Overdue Payments Owed to Enterprises* (《清理拖欠企業賬款專項行動方案》), and pointed out that, among others, provincial-level governments must take overall responsibility for clearing up overdue payments in their regions, with state-owned enterprises taking the lead in repayment, so as to ensure all eligible arrears are

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cleared. Moreover, the *Report on the Review Results of the Implementation of the 2023 Central and Local Budgets and the Draft 2024 Central and Local Budgets by the Fiscal and Economic Affairs Committee of the 14th National People’s Congress* (《第十四屆全國人民代表大會財政經濟委員會關於2023年中央和地方預算執行情況與2024年中央和地方預算草案的審查結果報告》) issued on March 8, 2024 made the suggestions for implementing the 2024 budgets and fiscal work that governments’ overdue payments owed to enterprises shall be cleared up proactively.

- **Our Internal Policies and Measures to Manage the Recovery of Our Trade Receivables.** We have adopted polices and measures to manage our credit risks and trade receivables. With respect to customer credit management, we have grouped customers into different credit risk levels and monitor such credit risk levels regularly. We grant credit terms to customers in accordance with the relevant designated credit risk levels. We normally grant our customers a credit term around six months. As to the customers with a relatively stronger credit record, we grant them a longer credit term around nine months. During the Track Record Period, we did not extend our credit terms to any of our customers.

With respect to trade receivables management, we have taken active steps to mitigate our risk exposure to customers with potential prolonged delay settlement of trade receivables, and collect the outstanding trade receivables. For instance, we have allocated considerable human resources on trade receivable collection efforts in a collaborative manner, including dedicated internal teams responsible for continually monitoring the credit profiles and operating and financial conditions of our customers, as well as maintaining frequent communications with our customers to implement effective credit control and proactively following up with our customers to ensure their payments be made as scheduled. Specifically, our finance department prepares trade receivable summaries on a weekly basis according to the amount of revenue recognized and the amount of cash collection. These trade receivable summaries are allocated to assigned personnel to follow up, who reconcile the outstanding trade receivables with our customers on a monthly basis. If a customer’s payment is overdue, our finance department will promptly provide trade receivable details to assist the assigned personnel in the collection of the same according to customized collection strategies formulated based upon the customer’s balance of trade receivables and the specific ageing situations, which will be overseen and supervised by our general manager and head of our sales department. Through frequent and good faith communication with the customer via multiple channels including phone calls and WeChat, we examine in details the reasons for its failure to make timely payment, and request it to pay as soon as possible in a monitored manner. In doing so, we strive to balance between maintaining steady customer relationships and trade receivables collection, so as to ensure our current stable operations while laying the foundation for future offering prospects. We also include the collection results of overdue payments as a performance indicator of such assigned personnel, with a view to encouraging them to achieve improved work performance. The effectiveness of the abovementioned measures has been

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particularly demonstrated by the fact that approximately RMB259.5 million, accounting for approximately 68.4% of our trade receivables as of December 31, 2022 had been subsequently settled as of the Latest Practicable Date. We also have policies in place to ensure that trade receivables are made to the customers with an appropriate credit history, and our management performs ongoing credit evaluations. These evaluations focus on the customer’s past history of making payments when due and current ability to pay, taking into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

- **Solid Credit History of Our Customers and Our Stable Relationship Therewith.** During the Track Record Period, a significant portion of our solutions were offered to the public sector, and we had been expanding our business in the public sector. Enterprise-level users from the public sector, mainly including governmental entities, public institutions and state-owned enterprises, are characterized by strong financial backing and low default risks. With respect to our private-sector customer base, we prioritize conducting business with reputable and financially viable enterprise-level users, or the system integrators serving the same. Our stringent customer selection process and due diligence measures help ensure that we mainly engage with well-established companies demonstrating solid financial standing and creditworthiness, as evidenced by their industry leading position in the respective industry based on their commercial success, societal recognition or market occupation rate. The good credit history of our customers and our stable relationship with them thus contribute to the relatively long credit term to them, and we believe that the credit risk inherent in our outstanding trade receivable balances due from them is low. As we regularly assess our customers’ credit quality carefully, taking into account their business background, the general risks associated with their industries, their financial position, past experience and other factors, we were not aware of any significant changes in their credit status during the Track Record Period. Moreover, we did not have any material disagreement or disputes with our customers on trade receivables during the Track Record Period.
- **Sufficient Loss Allowance Made on Trade Receivables.** Our Directors confirm that sufficient loss allowance has been made on our trade receivables during the Track Record Period, as we prudently conduct periodic assessment to closely monitor our credit exposure and identify significant increases in credit risks, and, where applicable, make timely provision for expected credit losses. The provision ratios have been determined based upon our historical collection of payments and future recoverability. Specifically, we performed an impairment assessment at the end of each of the year within the Track Record Period, with loss allowance on trade receivables always measured at an amount equal to lifetime expected credit losses (“ECLs”). When measuring ECLs, we consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the our historical experience and informed credit assessment that includes forward-looking

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information. In particular, we estimate ECLs based on historical credit loss experience, the past default experience of the debtor, general economic conditions of the industry and country in which the debtors operates, and assess both the current and the forecast duration of condition as of December 31, 2021, 2022 and 2023. Moreover, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay, taking into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Last but not least, we base the expected loss rates on actual loss experience over the past four years, which are adjusted to reflect differences in economic conditions during the period over which the historical data has been collected, current conditions and our view of economic conditions over expected lives of the receivables. For details of our credit risk exposures and the expected loss rates of our trade receivables, see Note 30 to the Accountants’ Report in Appendix I to this document. Based upon the foregoing, sufficient provisions have been proactively made on our trade receivables, which ensures that our financial condition accurately reflects the potential impact of the extended collection periods and provides a realistic assessment of our receivables position. While the timing of our receivables collection admittedly faces the temporary challenge influenced by the external factors and extraordinary circumstances noted above, our Directors are of the view that there is no material recoverability issue with our net balance of trade receivables, considering the provisions already made.

An ageing analysis of our trade receivables and bills receivables as of the dates indicated, based on the invoice date and net of loss allowance with subsequent settlement of balance of December 31, 2023 as of the Latest Practicable Date, is as follows:

	As of December 31,			Subsequent Settlement of Balance of December 31, 2023 as of the Latest Practicable Date	
	2021	2022	2023	<i>% as of</i>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>December 31, 2023</i>
Within 1 year	220,157	236,186	505,107	119,745	24.0
After 1 year but within 2 years	3,199	74,653	72,420	59,603	82.0
After 2 years but within 3 years	2,600	1,737	5,297	5,297	100.0
Over 3 years	244	48	–	–	–
	<b>226,200</b>	<b>312,624</b>	<b>582,824</b>	<b>184,645</b>	<b>31.7</b>

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Our Directors are of the view that there is no material recoverability issue for our trade receivables aged over one year, considering: (i) we have made the aforementioned progress in collecting outstanding trade receivables; (ii) our customers generally have good credit standing and debt repayment ability, especially considering that our trade receivables aged over one year are primarily due from customers from the public sector, to whom we generally grant a credit term around nine months. Being state-backed, such enterprise-level users as telecommunications companies and financial institutions, though have relatively long payment cycles, are well supported with reliable funding sources and good credit status; (iii) with our periodic assessment of our customers’ credit quality, we were not aware of any significant changes in their credit status during the Track Record Period; (iv) we did not have any material disagreement or disputes with our customers on trade receivables during the Track Record Period; (v) we have taken stringent internal measures to enhance the management and collection of trade receivables. For details of our policies and measures to manage our credit risks and trade receivables, see “– Trade and Other Receivables” in this section; and (vi) there have been few cases where we were unable to collect our trade receivables historically. In general, we do not anticipate to have any material recoverability issue with our trade receivables. For details thereon as well as the active steps that we have taken to mitigate the risk exposure, see “– Trade and Other Receivables” in this section.

An ageing analysis of our trade receivables and bills receivables as of the dates indicated, by due date with subsequent settlement of balance of December 31, 2023 as of the Latest Practicable Date, is as follows:

	As of December 31,			Subsequent Settlement of Balance of December 31, 2023 as of the Latest Practicable Date	
	2021	2022	2023	<i>% as of</i> <i>RMB'000</i> <i>December 31, 2023</i>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>December 31, 2023</i>
Current (not past due)	220,356	221,075	491,480	101,921	20.7
Less than 12 months past due	27,773	137,776	177,186	63,034	35.6
More than 12 months but less than 24 months past due	7,760	18,359	33,882	18,075	53.3
More than 24 months but less than 36 months past due	1,563	1,755	1,996	1,615	80.9
More than 36 months past due	1,116	138	138	–	–
	<b>258,568</b>	<b>379,103</b>	<b>704,682</b>	<b>184,645</b>	<b>26.2</b>

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The increase of the balance of our trade receivables and bills receivables in the less than 12 months past due portion from December 31, 2021 to December 31, 2022 was mainly due to lower recovery rate during 2022 caused by the impact of COVID-19. The increase of the balance of our trade receivables in the current and less than 12 months past due portion from December 31, 2022 to December 31, 2023 was primarily a result of our newly recognized revenue in 2023.

### *Bills and Other Receivables*

During the Track Record Period, our bills receivables primarily represented short-term commercial acceptance bills receivables entitling us to receive the full face amount from the banks at maturity, which generally ranged from 6 to 12 months from the date of issuance. Our bills receivable decreased from RMB10.5 million as of December 31, 2021 to nil as of December 31, 2022 and December 31, 2023, primarily due to our decreased acceptance of bills receivables for settlement by our customers.

During the Track Record Period, our other receivables primarily consisted of VAT recoverable, taxation recoverable and other deposit and receivable. Our other receivables increased from RMB16.6 million as of December 31, 2021 to RMB27.1 million as of December 31, 2022, primarily due to the continuous increases in VAT recoverable and taxation recoverable. Our other receivables decreased from RMB27.1 million as of December 31, 2022 to RMB19.9 million as of December 31, 2023, primarily due to a decrease in VAT recoverable and taxation recoverable.

As of the Latest Practicable Date, RMB10.8 million, accounting for approximately 54.4% of our bills and other receivables as of December 31, 2023, had been subsequently settled.

### **Cash**

During the Track Record Period, our cash represented our cash at bank. Our cash increased from RMB10.6 million as of December 31, 2021 to RMB20.4 million as of December 31, 2022, and further to RMB46.9 million as of December 31, 2023, primarily due to an increase in cash inflows generated from principals from bank borrowings and capital contributions from our shareholders. For details of the analysis on cash flows during the Track Record Period, see “– Liquidity and Capital Resources – Cash Flows” in this section.

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### Trade and Other Payables

During the Track Record Period, our trade and other payables primarily consisted of trade payables and other payables mainly related to accrued payroll and benefits, loans from related parties, capital contribution from an investor, consideration payable for Jinxun Digital Intelligence acquisition, payable for acquisition of property and equipment, payable for acquisition of service, and accrual [REDACTED] expenses. Our trade and other payables increased from RMB46.5 million as of December 31, 2021 to RMB59.4 million as of December 31, 2022. Our trade and other payables decreased from RMB59.4 million as of December 31, 2022 to RMB43.4 million as of December 31, 2023. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payable for acquisition of property and equipment	15,152	7,148	6,557
Payable for acquisition of service	11,000	11,303	213
Accrual [REDACTED] expenses	–	4,400	5,829
Deposits received	60	61	60
Other payables and accrual expenses	2,943	1,781	1,155
Trade payables	6,635	3,306	14,402
Accrued payroll and benefits	4,421	6,607	8,493
Other taxes payable	958	1,777	3,680
Loans from related parties	5,349	–	–
Capital contribution from an investor	–	16,755	–
Consideration payable for Jinxun Digital Intelligence acquisition	–	6,295	3,000
	<b>46,518</b>	<b>59,433</b>	<b>43,389</b>

### Trade Payables

During the Track Record Period, our trade payables represented balances due to our suppliers for hardware and services. We settle the trade payables according to the credit terms offered by the suppliers, and the balances of our trade payables would depend upon (i) the time at which the products or services are delivered or performed; (ii) the settlement date; and (iii) the amount of purchase. As a result, our trade payables decreased from RMB6.6 million as of December 31, 2021 to RMB3.3 million as of December 31, 2022, and then increased to RMB14.4 million as of December 31, 2023.



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The table below sets forth our trade payables turnover days for the years indicated:

	Years Ended December 31,		
	2021	2022	2023
Trade payables turnover days*	6	6	7

*Note:*

\* Trade payables turnover days for a year is the arithmetic mean of the beginning and ending balances of trade payables for the relevant year divided by the cost of revenue for the relevant year divided by 365 for each of 2021, 2022 and 2023.

During the Track Record Period, our trade payables turnover days remained stable at 6 days, 6 days and 7 days in 2021, 2022 and 2023, respectively. During the Track Record Period, our trade payables turnover days were relatively short, especially in comparison with our trade receivables turnover days, which was mainly due to the fact that we paid our major suppliers in the form of prepayment and settled with them on a delivery upon receipt of payment basis, as a way to maintain stable relationship therewith and also to get favorable procurement prices, considering our stable liquidity and working capital position. According to the iResearch Report, it is in line with industry norm to make such prepayment to suppliers, while the trade payables turnover days of different companies can vary considerably because of the specific types of projects carried out.

An ageing analysis of our trade payables as of the dates indicated, based on the invoice date, is as follows:

	As of December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 6 months	5,697	674	13,806
After 6 months but within 1 year	5	552	477
Over 1 year	933	2,080	119
	<b>6,635</b>	<b>3,306</b>	<b>14,402</b>

As of the Latest Practicable Date, RMB13.3 million, accounting for approximately 92.4% of our trade payables as of December 31, 2023, had been subsequently settled.



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### *Other Payables*

During the Track Record Period, our other payables primarily consisted of accrued payroll and benefits, capital contribution from an investor representing amount received therefrom for which the financing had not been completed as of December 31, 2022 and thus accrued as liabilities, consideration payable for Jinxun Digital Intelligence acquisition, payable for acquisition of property and equipment, payable for acquisition of service, and accrual [REDACTED] expenses. Our other payables increased from RMB39.9 million as of December 31, 2021 to RMB56.1 million as of December 31, 2022, primarily due to payables in relation to our reception of the aforementioned capital contribution from an investor. Our other payables decreased from RMB56.1 million as of December 31, 2022 to RMB29.0 million as of December 31, 2023, primarily due to the decrease of the aforementioned payable for acquisition of service and capital contribution from an investor from RMB11.3 million and RMB16.8 million as of December 31, 2022, respectively, to RMB0.2 million and nil as of December 31, 2023, respectively, offsetting the increase in accrual [REDACTED] expenses mainly related to the [REDACTED] and the [REDACTED].

As of the Latest Practicable Date, RMB18.3 million, accounting for approximately 63.3% of our other payables as of December 31, 2023, had been subsequently settled.

### **Contract Liabilities**

Our contract liabilities mainly arise from the non-refundable advance payments made by customers while the underlying services are yet to be provided. Our contract liabilities increased significantly from RMB26.7 million as of December 31, 2021 to RMB31.1 million as of December 31, 2022, and further to RMB97.4 million as of December 31, 2023, which was in line with the expansion of our solution offerings and demonstrated our strengthened relationship with our major customers. For details, see Note 23 to the Accountants’ Report in Appendix I to this document.

As of the Latest Practicable Date, RMB53.7 million, accounting for approximately 55.1% of our contract liabilities as of December 31, 2023, had been subsequently recognized as revenue.

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### Redeemable Capital Contributions

During the Track Record Period, the redeemable capital contributions were primarily related to the equity investments made by the relevant investors, including Series A Financing in 2020, Series B Financing in 2021, Series B+ Financing in 2022 and Series C Financing in 2023. For details of our financing, see “History, Development and Corporate Structure – Corporate Development” in this document. Due to the redemption rights and liquidation preferences in relation to such equity investments, we recognized the aforementioned financial instruments issued to the relevant investors as financial liabilities. We expect to substantially improve our net position and net current position upon completion of the [REDACTED] and the [REDACTED], as carrying amount of such redeemable capital contributions will be reclassified from financial liabilities to equity as a result of the termination of the aforesaid preferred rights. Any changes in the carrying amount of the financial liabilities were recorded in “changes in carrying amount of redeemable capital contributions”. The redeemable capital contributions increased significantly from RMB265.7 million as of December 31, 2021 to RMB528.0 million as of December 31, 2022, and further to RMB852.9 million as of December 31, 2023, primarily due to the continuous increase in carrying amount from the existing series of financing recognized and/or redeemable capital contributions arising from subsequent series. For details of the redeemable capital contributions, see Note 26 to the Accountants’ Report in Appendix I to this document.

The following table sets forth movement of the redeemable capital contributions:

	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of the year	99,316	265,666	527,970
Changes in carrying amount of redeemable capital contributions	25,950	157,504	146,892
Issuance for cash	140,400	104,800	178,050
At ending of the year	<b>265,666</b>	<b>527,970</b>	<b>852,912</b>

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### LIQUIDITY AND CAPITAL RESOURCES

#### Cash Flows

	Year Ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash generated from operations before movements in working capital	99,664	127,678	215,526
Changes in working capital	(158,414)	(150,912)	(282,141)
Tax paid	(16,328)	(7,880)	(1,454)
	(75,078)	(31,114)	(68,069)
Net cash used in operating activities	(75,078)	(31,114)	(68,069)
Net cash used in investing activities	(108,142)	(140,677)	(184,386)
Net cash generated from financing activities	186,719	181,584	278,897
	3,499	9,793	26,442
Net increase in cash	3,499	9,793	26,442
Cash at beginning of the year	7,142	10,641	20,434
	<b>10,641</b>	<b>20,434</b>	<b>46,876</b>
<b>Cash at end of the year</b>			

#### Net Cash Used in Operating Activities

In 2023, our net cash used in operating activities was RMB68.1 million, which was primarily attributable to our loss before taxation of RMB28.8 million, adjusted for non-cash and non-operating items. Positive adjustments for non-cash and non-operating items primarily included (i) changes in the carrying amount of redeemable capital contributions of RMB146.9 million; (ii) impairment loss on trade receivables of RMB55.4 million; and (ii) amortization of RMB24.6 million. The amount was then adjusted by changes in working capital, with negative adjustments primarily including (i) an increase in prepayments of RMB116.1 million; and (ii) an increase in trade and other receivables of RMB323.1 million.

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In 2022, our net cash used in operating activities was RMB31.1 million, which was primarily attributable to our loss before taxation of RMB90.9 million, adjusted for non-cash and non-operating items. Positive adjustments for non-cash and non-operating items primarily included (i) changes in the carrying amount of redeemable capital contributions of RMB157.5 million; (ii) impairment loss on trade receivables of RMB42.6 million; (iii) amortization of RMB14.1 million; and (iv) finance costs of RMB9.1 million. The amount was then adjusted by changes in working capital, with negative adjustments primarily including (i) an increase in trade and other receivables of RMB131.6 million; and (ii) an increase in prepayments of RMB43.9 million.

In 2021, our net cash used in operating activities was RMB75.1 million, which was primarily attributable to our profit before taxation of RMB44.4 million, adjusted for non-cash and non-operating items. Positive adjustments for non-cash and non-operating items primarily included (i) changes in the carrying amount of redeemable capital contributions of RMB26.0 million; (ii) impairment loss on trade receivables of RMB17.4 million; and (iii) finance costs of RMB8.2 million. The amount was then adjusted by changes in working capital, with negative adjustments primarily including (i) an increase in trade and other receivables of RMB155.6 million; and (ii) an increase in prepayments of RMB24.9 million.

For details of our increasing trade receivables during the Track Record Period and the impairment loss made thereon, see “– Discussion on Selected Items from Consolidated Statements of Financial Position – Trade and Other Receivables – Trade Receivables” in this section.

We plan to enhance our working capital management efficiency to improve our net operating cash outflow position. For instance, we expect to collect our trade receivables in a more efficient manner and have implemented relevant measures, such as by continually monitoring the credit profiles and operating and financial conditions of our customers, and proactively following up on our customers to ensure their payments as scheduled. For details of our policies and measures to manage our trade receivables, see “– Discussion of Selected Items from Consolidated Statements of Financial Position – Trade and Other Receivables – Trade Receivables” in this section. In addition, as we continuously build trust with our customers and gain more bargaining power through our business growth, we are able to negotiate for shorter credit terms with our customers. In the future, we plan to develop relationships with more customers of stronger credit profiles. Besides, we also expect to be able to gradually enjoy economics of scale in the course of our business expansion, which will further improve our net operating cash outflow position. Specifically, as we scale up, we expect to have stronger bargaining power against our suppliers and are thus able to obtain more favorable credit terms. Furthermore, We expect to improve our margin level over time as we drive operational efficiencies, so as to achieve significant economies of scale that will contribute to enhanced operating cash flows.

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### Net Cash Used in Investing Activities

In 2023, our net cash used in investing activities was RMB184.4 million, primarily as a result of (i) payment for the acquisition of property and equipment of RMB151.1 million; and (ii) payment for the acquisition of intangible assets of RMB31.8 million.

In 2022, our net cash used in investing activities was RMB140.7 million, primarily as a result of (i) payment for the acquisition of intangible assets of RMB102.6 million; (ii) payment for the acquisition of property and equipment of RMB19.8 million; and (iii) acquisition of subsidiary, net of cash acquired of RMB16.8 million.

In 2021, our net cash used in investing activities was RMB108.1 million, primarily as a result of (i) payment for the acquisition of property and equipment of RMB56.6 million; (ii) acquisition of a subsidiary, net of cash acquired of RMB20.4 million; and (iii) payment for investment in financial assets measured at fair value through profit or loss of RMB20.0 million.

### Net Cash Generated from Financing Activities

In 2023, our net cash generated from financing activities was RMB278.9 million, primarily as a result of (i) proceeds from bank loans and other borrowings of RMB312.0 million; and (ii) proceeds from redeemable capital contributions of RMB161.3 million, partially offset by repayment of bank loans and other borrowings of RMB181.7 million.

In 2022, our net cash generated from financing activities was RMB181.6 million, primarily as a result of (i) proceeds from bank loans and other borrowings of RMB193.7 million; and (ii) proceeds from redeemable capital contributions of RMB104.8 million, partially offset by repayment of bank loans and other borrowings of RMB122.7 million.

In 2021, our net cash generated from financing activities was RMB186.7 million, primarily as a result of (i) proceeds from bank loans and other borrowings of RMB147.2 million; and (ii) proceeds from redeemable capital contributions of RMB140.4 million, partially offset by repayment of bank loans and other borrowings of RMB94.5 million.

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## FINANCIAL INFORMATION

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### WORKING CAPITAL SUFFICIENCY

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities and bank borrowings as our principal sources of funding, and our primary uses of cash were to fund our capital expenditures and working capital. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities and [REDACTED] from the [REDACTED]. As of December 31, 2023, we had cash of RMB46.9 million.

Sufficient working capital is essential to our ability to successfully execute our growth strategies, and thus to enhance our business sustainability. To ensure working capital sufficiency, we plan to enhance our working capital management efficiency, improve our management of trade receivables and increase the focus on trade receivable collection, as well as to maintain appropriate inventory and prepayment levels in relation to the required procurement for offering software plus hardware solutions that meet the market demand. Our Directors will continue to closely monitor the capital and liquidity requirements and ensure the sufficiency of our working capital. Specifically, we have adopted the following measures to manage our working capital and improve liquidity, including that: (i) we will prepare periodical working capital forecasts in a timely manner that shall set out the expected cash inflows and outflows on a monthly basis which our Directors will review together with cash flow statements to enable us to better manage our liquidity resources in the near term; (ii) we will prepare monthly management accounts in a timely manner, which will be reviewed by our Directors and senior management and compared with our budgets. Any material variances will be explained and followed up immediately; (iii) we will continue to actively monitor the payment status of projects and customers, including conducting regular reviews of the relevant accounts. Our finance department will also prepare an ageing analysis on a monthly basis for the review by our Directors to ascertain if there are any long outstanding receivables; and (iv) we will continue to closely monitor our cash and bank balance through constantly reviewing our internal records and bank accounts. When any potential shortfall in our cash position is identified, we will strive to negotiate for earlier settlement with our customers and/or request a longer credit period from our suppliers in order to mitigate the cash flow mismatch. If required, we may also obtain short-term bank borrowings to fund our capital needs. For details of our policies and measures to manage our trade receivables, see “– Discussion of Selected Items from Consolidated Statements of Financial Position – Trade and Other Receivables – Trade Receivables” in this section.

Taking into account the financial resources available to us, including cash flow from operating activities, our current cash, [REDACTED] from the [REDACTED] Investments and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have available sufficient working capital to meet our present requirements, which is for at least the next 12 months from the date of this document. Our relatively long trade receivables turnover days during the Track Record Period admittedly expose us to liquidity risk. Such risk would especially be more pronounced if the financial condition of enterprises or entities from the public sector, to whom our solutions were substantially offered during the Track Record Period, would deteriorate in the case of a combination of factors such as local governments’

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significant debt obligations and diminished tax and other revenues, as well as uncertain availability of financing vehicles therefor. If such factors would ever and indeed materialize, a double squeeze of much higher write-off of trade receivables and slower cash inflows could quickly and significantly strain our working capital in the short term, which might bring various challenges to our business operations, including: (i) sizeable cash flow gaps that might necessitate expensive bridge financing; (ii) cost overruns on existing projects and inability to fund upfront costs of implementing new projects; (iii) workforce shrinkage impacting our service capabilities; (iv) defaults in debt repayments and inability to obtain new borrowings; and (v) loss of credibility with customers, suppliers, lenders and other partners in a vicious cycle that would ultimately threaten our solvency. For details, see “Risk Factors – Key Risks Relating to Our Business, Industry, Regulatory Compliance, General Operations and Financial Prospects – We are subject to credit risk related to defaults of customers as our trade receivables balance and trade receivables turnover days increased significantly during the Track Record Period, and any significant delay in payment or default on our trade receivables could materially and adversely affect our liquidity, working capital, financial condition and results of operations” in this document.

### INDEBTEDNESS

During the Track Record Period, our indebtedness mainly included bank loans and other borrowings, lease liabilities, redeemable capital contributions, and loans from related parties. The following table sets forth the components of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2021	2022	2023	April 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
<b>Current</b>				
Bank loans and other borrowings	150,663	211,650	342,000	434,840
Lease liabilities	2,302	4,128	8,115	9,189
Redeemable capital contributions	265,666	527,970	852,912	885,115
Loans from related parties	5,349	–	–	–
<b>Non-current</b>				
Bank loans and other borrowings	–	10,000	10,000	10,000
Lease liabilities	6,614	8,589	10,684	8,456
	<b>430,594</b>	<b>762,337</b>	<b>1,223,711</b>	<b>1,347,600</b>

### Loans From Related Parties

For details of our loans from related parties, see “Discussion of Selected Items From Consolidated Statements of Financial Position – Trade and Other Payables” in this section.

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### Bank Loans and Other Borrowings

We had bank loans and other borrowings of RMB150.7 million as of December 31, 2021, RMB221.7 million as of December 31, 2022, RMB352.0 million as of December 31, 2023 and RMB444.8 million as of April 30, 2024, being the indebtedness date for the purpose of the indebtedness statement. Based on the rapid growth in demand in our solutions and our increased operating scale, we proactively sought funding resources and incurred an increasing amount of bank loans and other borrowings during the Track Record Period, primarily to finance our working capital requirements and capital expenditures to meet the potential growth in demand and to expand our business. As of April 30, 2024, our unutilized bank facilities amounted to RMB1.2 million. The following table sets forth our bank loans and other borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
<b>Current</b>				
Bank loans				
– Unsecured and unguaranteed	10,000	10,000	30,000	40,000
– Secured and guaranteed*	118,000	201,650	312,000	394,840
– Pledged and unguaranteed	10,500	–	–	–
	138,500	211,650	342,000	434,840
Other borrowings				
– Secured and guaranteed	3,063	–	–	–
– Pledged and guaranteed	9,100	–	–	–
	12,163	–	–	–
	150,663	211,650	342,000	434,840



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	As of December 31,			As of April 30,
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
<b>Non-current</b>				
Bank loans				
– Secured and guaranteed*	–	10,000	10,000	10,000
	–	10,000	10,000	10,000
	150,663	221,650	352,000	444,840
<b>Total</b>	<b>150,663</b>	<b>221,650</b>	<b>352,000</b>	<b>444,840</b>

*Note:*

\* The outstanding guarantee of bank loans will be released before the [REDACTED].

Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirmed that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirmed that we had no defaults in bank and other borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirmed that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining credit facilities, withdrawal of facilities or requests for early repayment. For details, see Note 24 to the Accountants’ Report in Appendix I to this document.

### Lease Liabilities

As of December 31, 2021, 2022 and 2023 and April 30, 2024, we recorded lease liabilities of RMB8.9 million, RMB12.7 million, RMB18.8 million and RMB17.6 million, respectively, which was primarily in relation to the properties we leased for our operation premises. For details, see Note 25 to the Accountants’ Report in Appendix I to this document.

### Redeemable Capital Contributions

For details of our redeemable capital contributions, see “Discussion of Selected Items From Consolidated Statements of Financial Position – Redeemable Capital Contributions” in this section.

## FINANCIAL INFORMATION

Except as disclosed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of April 30, 2024. Since April 30, 2024 and up to the Latest Practicable Date, there had not been any material change to our indebtedness.

### CAPITAL EXPENDITURE

We regularly incur capital expenditures to purchase our property and equipment, as well as intangible assets, in order to enhance our research and development and commercialization capabilities, and expand our business operations. The following table sets forth our capital expenditure for the years indicated:

	Year Ended December 31,		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payment for the acquisition of property and equipment	56,579	19,810	151,112
Payment for the acquisition of intangible assets	13,093	102,593	31,802
	<b>69,672</b>	<b>122,403</b>	<b>182,914</b>

We plan to finance our future capital expenditure through cash generated from our operations, our existing bank borrowings and the [REDACTED] from the [REDACTED]. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditure according to our future cash flows, our results of operations and financial condition, our business plans, market conditions and various other factors we believe to be appropriate. For details, see “Future Plans and [REDACTED] – [REDACTED]” in this document.

### CONTRACTUAL OBLIGATIONS

#### Commitments

As of December 31, 2021, 2022 and 2023, we had commitments of RMB444.1 million, RMB359.6 million and RMB275.6 million, primarily related to purchase of network resources from a major telecommunications company in China, in order to improve our service

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capabilities and further strengthen our solution offerings in city management and administration projects. For details, see “Business – Suppliers and Procurement – Top Suppliers” in this document. The following table sets forth our commitments as of the dates indicated:

	<b>As of December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of network and other telecommunication resource costs	424,246	291,400	180,306
Purchase of property, equipment and intangible assets	19,833	68,236	95,300
	<b>444,079</b>	<b>359,636</b>	<b>275,606</b>

### CONTINGENT LIABILITIES

As of December 31, 2021, 2022 and 2023, we did not have any material contingent liabilities.

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

### KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the years indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>%</i>	<i>%</i>	<i>%</i>
Gross profit margin <sup>(1)</sup>	33.1	39.1	40.0
Adjusted net margin (a non-IFRS measure) <sup>(2)</sup>	13.6	13.9	14.5

*Notes:*

- (1) Gross profit margin equals gross profit divided by revenue for the year and multiplied by 100%.
- (2) Adjusted net margin (a non-IFRS measure) equals adjusted net profit (a non-IFRS measure) divided by revenue for the year and multiplied by 100%.

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## FINANCIAL INFORMATION

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For details, see “– Description of Selected Components of Consolidated Statements of Profit or Loss” and “– Period to Period Comparison of Results of Operations” in this section.

### RELATED PARTY TRANSACTIONS AND BALANCES

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 33 to the Accountants’ Report included in Appendix I to this document was conducted in the ordinary course of business on an arm’s-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance. Our balances with related parties as of December 31, 2023 are set out in Note 33 to the Accountants’ Report in Appendix I to this document.

### RISK DISCLOSURES

We are exposed to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and currency risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. For more details, see Note 30 to the Accountants’ Report in Appendix I to this document. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks.

#### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables and other receivables. Our exposure to credit risk arising from cash are limited because the counterparties are reputable banks or financial institution, which we consider to present low credit risks. Our exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account (i) the landlords’ credit rating; and (ii) the remaining lease term and the period covered by the rental deposits. Our management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Our exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer. The default risk of the industry or country in which the customers operate also has an influence on credit risk. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay, taking into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

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## FINANCIAL INFORMATION

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We measure loss allowances for trade receivables at lifetime ECL. We determine ECL by using a provision matrix, estimated based on historical credit loss experience, the past default experience of the debtor, general economic conditions of the industry and country in which the debtors operate and an assessment of both the current and the forecast duration of condition as of December 31, 2021, 2022 and 2023. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among our different customer bases. As of December 31, 2021, 2022 and 2023, our loss allowance on trade receivables amounted to RMB32.4 million, RMB66.5 million and RMB121.9 million, respectively.

In 2021, 2022 and 2023, our write-off of trade receivables amounted to nil, RMB8.5 million and nil, respectively. The write-off that we made in 2022 was in relation to our trade receivables accrued before the Track Record Period that had been past due for more than three years, after our multiple efforts to collect payment to no avail. Considering that we would not continue to sell to the customers involved going forward, our management decided to write off such trade receivables. During the Track Record Period, we did not recognize any revenue from the customers the trade receivables from whom had been written off. As of December 31, 2023 and the Latest Practicable Date, the amounts of our outstanding trade receivables from such customers were nil.

### **Liquidity Risk**

Our management are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company’s board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

### **Interest Rate Risk**

Our interest-bearing financial instruments at variable rates are the cash at bank as of December 31, 2021, 2022 and 2023. Our interest-bearing financial instruments at fixed interest rates are loans and borrowings as of December 31, 2021, 2022 and 2023 that are measured at amortized cost.

Our income and operating cash flows are substantially independent of exchanges in market interest rates and we have no significant interest-bearing assets except for cash.

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### Currency Risk

As of December 31, 2021, 2022 and 2023, we are not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of our Company and our subsidiaries are not significant.

### DIVIDEND

No dividends were paid or declared by our Company or any of our subsidiaries during the Track Record Period. After completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

According to the PRC *Company Law*, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. Such company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Adviser, our Company cannot pay dividends if it is in an accumulated loss position.

There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the [REDACTED].

PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdiction, including the IFRS. According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations:

- recovery of the losses incurred in the previous year;
- allocations to the statutory common reserve equivalent to 10% of our profit after tax until such reserve has reached more than 50% of our registered capital; and
- allocation to a discretionary common reserve of our profit after tax that are approved by a shareholders' meeting.

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## FINANCIAL INFORMATION

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We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

### DISTRIBUTABLE RESERVES

As of December 31, 2023, we did not have any distributable reserves.

### [REDACTED] EXPENSE

During the Track Record Period, we incurred [REDACTED] expenses of RMB[REDACTED] (HK\$[REDACTED]) and RMB[REDACTED] (HK\$[REDACTED]) charged to administrative and other operating expenses in our statements of profit or loss in 2022 and 2023, respectively.

[REDACTED] expenses to be borne by us are estimated to be approximately RMB[REDACTED] (HK\$[REDACTED]), at the [REDACTED] of HK\$[REDACTED] per [REDACTED], and assuming the [REDACTED] is not exercised, among which (i) [REDACTED]-related expenses, including [REDACTED] commission and other expenses are approximately RMB[REDACTED] (HK\$[REDACTED]); and (ii) non-[REDACTED]-related expenses are approximately RMB[REDACTED] (HK\$[REDACTED]), comprising (a) fees and expenses of legal advisors and accountants of approximately RMB[REDACTED] (HK\$[REDACTED]); and (b) other fees and expenses of approximately RMB[REDACTED] (HK\$[REDACTED]). As of December 31, 2023, we incurred a total of RMB[REDACTED] (HK\$[REDACTED]) in [REDACTED] expenses, among which RMB[REDACTED] (HK\$[REDACTED]) was recognized in our statements of profit or loss, and RMB[REDACTED] (HK\$[REDACTED]) is expected to be deducted from equity. We estimate that we will further incur [REDACTED] expenses of RMB[REDACTED] (HK\$[REDACTED]), of which RMB[REDACTED] (HK\$[REDACTED]) will be recognized in our statements of profit or loss, and RMB[REDACTED] (HK\$[REDACTED]) will be deducted from equity. Our [REDACTED] expenses as a percentage of [REDACTED] from the [REDACTED] will be [REDACTED]%, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] and that the [REDACTED] is not exercised. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

### [REDACTED] ADJUSTED NET TANGIBLE ASSETS

The following statement of [REDACTED] adjusted net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below for the purpose to illustrate the effect of the [REDACTED] on the consolidated net tangible liabilities attributable to equity shareholders of our Company as of December 31, 2023 as if it had taken place on December 31, 2023.

The statement of [REDACTED] adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the [REDACTED] been completed as of December 31, 2023 or any future date.

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Consolidated net tangible liabilities attributable to the equity shareholders of our Company as of December 31, 2023 <sup>(1)</sup>	Estimated [REDACTED] from this [REDACTED] <sup>(2)(5)</sup>	Estimated impact upon the derecognition of redeemable capital contributions <sup>(3)</sup>	[REDACTED] adjusted net tangible assets attributable to the equity shareholders of our Company <sup>(6)</sup>	[REDACTED] adjusted net tangible assets attributable to the equity shareholders of our Company per Share <sup>(4)</sup>	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB<sup>(4)</sup></i>	<i>HK\$<sup>(5)</sup></i>

Based on an [REDACTED] of  
HK\$[REDACTED] per Share

(154,823)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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*Notes:*

- (1) The consolidated net tangible liabilities attributable to the equity shareholders of our Company as of December 31, 2023 is calculated based on the audited consolidated total deficit attributable to the equity shareholders of our Company as of December 31, 2023 of RMB11,683,000 extracted from the Accountants' Report set out in Appendix I to this document, after deduction of intangible assets attributable to the equity shareholders of our Company of RMB103,972,000 and goodwill of RMB39,168,000.
- (2) The estimated [REDACTED] from this [REDACTED] are based on the expected issuance of [REDACTED] H shares and the indicative [REDACTED] of HK\$[REDACTED], after deduction of the estimated [REDACTED] fees and other estimated related expenses payable by our Group (excluding [REDACTED] expenses of RMB20,509,000 which have been expensed prior to December 31, 2023) and does not take into account of any shares which may be issued upon the exercise of the [REDACTED].
- (3) The carrying amount of redeemable capital contributions was RMB852,912,000 as of December 31, 2023 (as set out in Note 26 to the Historical Financial Information included in the Accountant's Report in Appendix I to this document). Upon the [REDACTED] and completion of the [REDACTED], special rights attributable to the investors of the redeemable capital contributions will be removed, and these redeemable capital contributions will be derecognized as liabilities and transferred to equity.
- (4) The [REDACTED] adjusted net tangible assets attributable to equity shareholders of our Company per Share is arrived at after adjustments on the basis that [REDACTED] Shares were in issue assuming that the [REDACTED] had been completed on December 31, 2023 without taking into account of the Shares that may be issued upon exercise of the [REDACTED].
- (5) For illustrative purpose, the estimated [REDACTED] from the [REDACTED] is converted from the Hong Kong Dollar into Renminbi and the [REDACTED] adjusted net tangible assets attributable to the equity shareholders of our Company per Share is converted from Renminbi into Hong Kong Dollar at the exchange rate of HK\$1 to RMB0.9109, the exchange rate set by PBOC prevailing on June 14, 2024. No representation is made that the Hong Kong Dollars amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate.
- (6) No adjustment has been made to the [REDACTED] adjusted net tangible assets attributable to equity shareholder of our Company to reflect any trading results or other transactions entered into subsequent to December 31, 2023.



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### **NO MATERIAL ADVERSE CHANGE**

Our Directors confirmed that, up to the date of this document, there had been no material adverse change in our financial or operational prospects since December 31, 2023, being the latest balance sheet date of our consolidated financial statements in the Accountants’ in Appendix I to this document.

### **DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES**

Our Directors confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.