

dida

Dida Inc.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 02559

GLOBAL OFFERING

Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators,
Joint Bookrunners and Joint Lead Managers

 **CICC 中金公司**  **海通國際 HAITONG** **NOMURA**

Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

 **民銀資本**
CIBC CAPITAL HOLDINGS LIMITED

Joint Bookrunners and Joint Lead Managers

 **農銀國際**
ABC INTERNATIONAL

 **中銀國際**
BOC INTERNATIONAL

 **建銀國際**
CCB International

 **中國銀河國際**
CHINA GALAXY INTERNATIONAL

 **招銀國際**
CMB INTERNATIONAL

ICBC  **工銀國際**

 **老虎證券**

 **富途證券**

 **利弗莫尔证券**
LIVERMORE HOLDINGS LIMITED



IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

dida

Dida Inc.
嗒嗒出行*

(Incorporated in the Cayman Islands with limited liability)

Global Offering

Total number of Offer Shares under the Global Offering	: 39,091,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 3,909,500 Shares (subject to adjustment)
Number of International Offer Shares	: 35,181,500 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	: HK\$7.00 per Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application and subject to refund)
Nominal value	: US\$0.0001 per Share
Stock code	: 02559

Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators,
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Joint Bookrunners and Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available On Display" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on or around Wednesday, June 26, 2024 and in any event, no later than 12:00 noon on Wednesday, June 26, 2024. Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$7.00 for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the Offer Price is lower than HK\$7.00. If, for any reason, the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by 12:00 noon on Wednesday, June 26, 2024, the Global Offering will not become unconditional and will lapse immediately. The Offer Price will be not more than HK\$7.00 per Share and is expected to be not less than HK\$5.00 per Share although the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company may agree to a lower price.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last date for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.didachuxing.com as soon as practicable but in any event not later than the morning of the day which is the latest day for lodging applications under the Hong Kong Public Offering. For further information, see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, and in particular, the risk factors set out in the section headed "Risk Factors."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Overall Coordinators for themselves and on behalf of the Hong Kong Underwriters, if certain grounds arise prior to 8:00 a.m. on the Listing Date. Further details of such grounds are set out in the section headed "Underwriting—Underwriting Arrangements and Expenses—The Hong Kong Public Offering—Grounds for Termination." It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this document to the public in relation to the Hong Kong Public Offering. This document is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.didachuxing.com. If you require a printed copy of this document, you may download and print from the website addresses above.

* For identification purposes only

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this document to the public in relation to the Hong Kong Public Offering.

This document is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at www.didachuxing.com. If you require a printed copy of this document, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp) or at www.hkeipo.hk; or
- (2) apply electronically through the **HKSCC EIPO** channel by instructing your **broker** or **custodian** who is an HKSCC Participant to submit **electronic application instructions** via FINI to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this document are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” in this document for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 500 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment
	HK\$		HK\$		HK\$		HK\$
500	3,535.30	7,000	49,494.16	50,000	353,529.76	700,000	4,949,416.50
1,000	7,070.60	8,000	56,564.75	60,000	424,235.70	800,000	5,656,476.00
1,500	10,605.89	9,000	63,635.35	70,000	494,941.66	900,000	6,363,535.50
2,000	14,141.19	10,000	70,705.96	80,000	565,647.60	1,000,000	7,070,595.00
2,500	17,676.49	15,000	106,058.93	90,000	636,353.56	1,200,000	8,484,714.00
3,000	21,211.79	20,000	141,411.90	100,000	707,059.50	1,400,000	9,898,833.00
3,500	24,747.08	25,000	176,764.88	200,000	1,414,119.00	1,600,000	11,312,952.00
4,000	28,282.38	30,000	212,117.86	300,000	2,121,178.50	1,800,000	12,727,071.00
4,500	31,817.68	35,000	247,470.83	400,000	2,828,238.00	1,954,500 ⁽¹⁾	13,819,477.92
5,000	35,352.98	40,000	282,823.80	500,000	3,535,297.50		
6,000	42,423.56	45,000	318,176.78	600,000	4,242,357.00		

Notes:

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, our Company will issue an announcement to be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.didachuxing.com.

Date⁽¹⁾

Hong Kong Public Offering commences9:00 a.m. on
Thursday, June 20, 2024

Latest time to complete electronic applications under
the **HK eIPO White Form** service through one of the below ways⁽²⁾:

(1) the **IPO App**, which can be downloaded by searching
“**IPO App**” in App Store or Google Play or downloaded
at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp

(2) the designated website www.hkeipo.hk 11:30 a.m. on
Tuesday, June 25, 2024

Application lists open⁽³⁾11:45 a.m. on
Tuesday, June 25, 2024

Latest time for (a) completing payment of **HK eIPO White Form**
applications by effecting internet banking transfer(s) or
PPS payment transfer(s) and (b) for giving **electronic application**
instructions to HKSCC⁽⁴⁾12:00 noon on
Tuesday, June 25, 2024

If you are instructing your broker or custodian who is an HKSCC Participant to submit electronic application instructions via FINI to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Hong Kong Public Offering close⁽³⁾12:00 noon on
Tuesday, June 25, 2024

Expected Price Determination Date⁽⁵⁾Wednesday, June 26, 2024

Announcement of the Offer Price and the indication of the
levels of interest in the International Offering, the level of
applications in respect of the Hong Kong Public Offering
and the basis of allotment of the Hong Kong Offer Shares
to be published on the websites of the Stock Exchange at
www.hkexnews.hk and our Company at www.didachuxing.com
on or before Thursday, June 27, 2024

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where applicable) will be available through a variety of channels, including:

- (1) in the announcement to be posted on our website and the website of the Stock Exchange at www.didachuxing.com and www.hkexnews.hk, respectively Thursday, June 27, 2024
- (2) from the "IPO Results" function in the **IPO App** or the designated results of allocations website at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult with a "search by ID" function 11:00 p.m. on Thursday, June 27, 2024 to 12:00 midnight on Wednesday, July 3, 2024 (Hong Kong time)
- (3) from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m., from Friday, June 28, 2024 to Thursday, July 4, 2024 (Hong Kong time) (excluding Saturday, Sunday, and public holidays in Hong Kong)

Dispatch of Share certificates or deposit of Share certificates into CCASS in respect of wholly or partially successful applications on or before⁽⁶⁾ Thursday, June 27, 2024

Dispatch of **HK eIPO White Form** e-Auto Refund payment instructions or refund checks in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications on or before⁽⁷⁾ Friday, June 28, 2024

Dealings in Shares on the Stock Exchange to commence on Friday, June 28, 2024

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- (1) All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.
 - (2) You will not be permitted to submit your application through the **IPO App** or the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the **IPO App** or the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
 - (3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, June 25, 2024, the application lists will not open and close on that day. Further information is set out in the paragraph headed "E. Severe Weather Arrangements" under the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. If the application lists do not open and close on Tuesday, June 25, 2024, the dates mentioned in this section headed "Expected Timetable" may be affected. An announcement will be made by our Company in such event.
 - (4) Applicants who apply by giving **electronic application instructions** to the HKSCC should refer to the paragraph headed "A. Applications for Hong Kong Offer Shares—2. Application Channels" under the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

EXPECTED TIMETABLE⁽¹⁾

- (5) We expect to determine the Offer Price by agreement with the Overall Coordinators on behalf of the Underwriters on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, June 26, 2024 and, in any event, not later than 12:00 noon on Wednesday, June 26, 2024.
- (6) Share certificates for the Hong Kong Offer Shares are expected to be issued on Thursday, June 27, 2024 but will only become valid evidence of title provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the paragraph headed “Grounds for Termination” under the section headed “Underwriting” in this prospectus has not been exercised and has lapsed.
- (7) e-Auto Refund payment instruction or refund checks will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application. Part of the applicant’s identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an applicant’s identification document number before cashing the refund check. Inaccurate completion of an applicant’s identification document number may lead to delay in encashment of or may invalidate the refund check.

Applicants who apply via the **HK eIPO White Form** service by submitting an electronic application to the designated **HK eIPO White Form** Service Provider through the **IPO App** or the designated website at www.hkeipo.hk for 1,000,000 Shares or more under the Hong Kong Public Offering, may collect Share certificates (where applicable) in person from Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, June 28, 2024. Identification and (where applicable) authorization documents acceptable to Tricor Investor Services Limited must be produced at the time of collection. Applicants who apply via the **HK eIPO White Form** service by paying the application monies through a single bank account, e-Auto Refund payment instructions (if any) will be dispatched to their application payment bank account on or around Friday, June 28, 2024. Applicants who apply via the **HK eIPO White Form** service by paying the application monies through multiple bank accounts, refund check(s) in favor of the applicant (or, in the case of joint applications, the first-named applicant) will be dispatched to the address specified in their **HK eIPO White Form** application on or around Friday, June 28, 2024, by ordinary post and at their own risk.

You should read carefully “Underwriting,” “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and/or Extreme Conditions and the dispatch of refund monies and Share certificates.

CONTENTS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by our Company, the Overall Coordinators, the Joint Global Coordinators, any of the Underwriters, any of our or their respective directors, officers, representatives, or affiliates, or any other person or party involved in the Global Offering. Information contained in our website, located at www.didachuxing.com does not form part of this prospectus.

	<i>Page</i>
Expected Timetable	iii
Contents	vi
Summary	1
Definitions	32
Glossary	43
Forward-Looking Statements	47
Risk Factors	49
Waivers from Strict Compliance with the Listing Rules and Exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance	111
Information about this Prospectus and the Global Offering	118
Directors and Parties Involved in the Global Offering	122
Corporate Information	133
Regulations	135
Industry Overview	162
History and Corporate Structure	184
Business	207

CONTENTS

Relationship with Our Controlling Shareholders	304
Contractual Arrangements	308
Connected Transactions	325
Directors and Senior Management	330
Share Capital	345
Substantial Shareholders	348
Financial Information	351
Future Plans and Use of Proceeds	415
Underwriting	423
Structure of the Global Offering	436
How to Apply for Hong Kong Offer Shares	448
Appendix I — Accountants' Report	I-1
Appendix II — Unaudited Pro Forma Financial Information	II-1
Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law	III-1
Appendix IV — Statutory and General Information	IV-1
Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available On Display	V-1

SUMMARY

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

OVERVIEW

We are a technology-driven platform, aiming to create more transit capacity with less environmental impact by primarily providing carpooling marketplace services to fill up idle seats on private passenger cars. We also provide smart taxi services to a much lesser extent, aiming to improve the efficacy and efficiency of relevant stakeholders in the taxi industry in China. In doing so, we improve the traveling experience for everyone.

We operated the second largest carpooling platform in China in terms of both GTV and the number of carpooling rides in 2023, with RMB8.6 billion carpooling GTV and 130.3 million carpooling rides, representing a market share of 31.8% in terms of the GTV and a market share of 31.0% in terms of the number of carpooling rides. As of December 31, 2023, we offered our app-based carpooling marketplace services in 366 cities nationwide with approximately 15.6 million certified private car owners, of which 5.0 million, or 32.0%, were active certified private car owners in 2023. Since our inception and up to December 31, 2023, we had served approximately 69.4 million unique carpooling riders. China’s technology-enabled carpooling is still nascent. In China’s car-based passenger transportation market, the respective market share of taxi and ride-hailing far exceed that of carpooling. Specifically, taxi, ride-hailing and carpooling each had a market share of 54.2%, 41.4% and 4.4% in terms of GTV in 2023, respectively. The total GTV of China’s carpooling market is expected to increase from RMB37.1 billion in 2024 to RMB103.9 billion in 2028, representing a market share of 8.4% in China’s car-based passenger transportation market in 2028, at a CAGR of 29.4% from 2024 to 2028. We are poised to capture the growing market opportunity.

We commenced our smart taxi services in 2017 with a focus on developing online-hailing solutions, which are delivered by our *Dida Taxi App*. As of the Latest Practicable Date, we rendered our taxi online-hailing services in 91 cities in China, including 80 cities where we had charged service fees to taxi drivers for taxi rides we facilitated. We had a market share of 0.09% in terms of the number of completed rides and 0.07% in terms of GTV in China’s entire taxi market in 2023. Going forward, we expect to gradually charge service fees in the other cities after achieving daily completed rides of approximately 1,000 with a response rate of approximately 50%, subject to variations based on the size of the city, which we consider can ensure minimally satisfactory user experience. We also developed other smart taxi services for roadside-hailing, which are delivered by various digital toolkits to bring the convenience of the mobile internet to the taxi hailing and riding experience. We collaborate with local transportation authorities, taxi companies and associations for our taxi online hailing services and other smart taxi services.

SUMMARY

OUR BUSINESS MODEL

We fill up the idle seats on private passenger cars through our carpooling marketplace and improve the capacity utilization and user experience for taxis through our smart taxi services. In 2021, 2022 and 2023, we generated revenue of RMB695.1 million, RMB514.9 million and RMB774.0 million from our carpooling marketplace services, respectively, representing 89.0%, 90.5% and 95.0% of our total revenue in the same years, respectively. Meanwhile, we generated revenue of RMB32.6 million, RMB19.4 million and RMB11.3 million from our smart taxi services in the same years, respectively, representing 4.2%, 3.4% and 1.4% of our total revenue, respectively. We also provide advertising and other services leveraging our user traffic. We serve primarily individual users through our mobile apps, comprising *Dida Mobility App* and *Dida Taxi App*, and *Dida WeChat Mini-program*. We also serve enterprise customers, comprising taxi operators and taxi associations, with our cloud-based taxi management toolkit, *Phoenix Taxi Cloud*.

Carpooling Marketplace

We launched our app-based carpooling marketplace in 2014, which facilitates private car owners to share idle space in their personal cars with riders with similar travel itineraries. We operate our carpooling marketplace mainly through *Dida Mobility App*. Private car owners may post their itineraries, and carpooling riders may request a carpooling ride on a pre-arranged basis, through *Dida Mobility App*. Our target carpooling riders primarily include riders who utilize carpooling for their daily commutes or other regular journeys with pre-planned travel itineraries rather than on-demand travel needs, and riders who seek cost-effective alternatives for non-routine travel (e.g., inter-city trips, long-distance intra-city trips on weekends, or homecoming trips during holiday seasons). We apply a standardized matching algorithm to pair up riders with private car owners as potential matches if they are heading in the similar direction at compatible time. Our mobile app provides various features and functionality for riders and private car owners throughout a carpooling trip.

Smart Taxi Services

We commenced our smart taxi services with a focus on developing online-hailing solutions, which are delivered by our *Dida Taxi App* for taxi drivers and *Dida Mobility App* for riders. We also developed other smart taxi services for roadside-hailing, which are delivered by *Taxi Smart Code* and *Taxi Hailing Assistant*, accessible from our *Dida WeChat Mini-program* for riders. In addition, we launched *Phoenix Taxi Cloud*, a cloud-based taxi management software, in August 2018, which was designed for taxi companies and associations to improve their operating and management efficiency by monitoring the workload and performance of their taxi drivers.

Advertising and Other Services

Leveraging the large user base accumulated on our platform, we provide advertising services by selling in-app advertising spaces either directly to third-party merchants or through advertising service providers. We also enable our users to select vendors of vehicle services, such as refueling and vehicle maintenance, by placing advertisements and links on our platform to connect private car owners and taxi drivers with third-party automobile value-added service providers.

SUMMARY

OUR REVENUE MODEL

For our carpooling marketplace services, we generate revenues primarily from charging service fees to private car owners providing carpooling rides on our platform. We may adjust the fee level based on local city-level economic conditions and strategic reasons based on our monthly review. Previously, the service fee generally consisted of a minimum initial fee and a predetermined fixed amount on a tiered basis based on the expected trip distance, and was capped at certain amounts without regard to the trip distance. The service fee was changed to a fixed percentage of the ride fare in February 2023 to be in line with the evolving industry practice. The percentage was approximately 10.5% as of December 31, 2023 and may vary slightly among different cities and on different occasions. For our smart taxi services, we generate revenues primarily from charging service fees to taxi drivers for taxi rides facilitated by our taxi online-hailing services. We group the cities we have covered based on key operating metrics, including, among others, the order volume, the response rate and local taxi prices, and employ a tiered pricing model to calculate the service charge of each trip based on the distance. Our service charge is capped at certain amounts for each trip depending on the locality. We also generate revenue from advertising and other services. We generally charge third-party merchants advertising fees for fixed amounts based on the location, format, amount and time period of the advertisements displayed on our platform; and third-party automobile value-added service providers commissions based on the sales leads generated or number of new customers they acquire through our platform.

As a pure-play information service provider, we do not own or lease fleet vehicles, nor do we bear any costs of car ownership. The ride fees private car owners receive usually represent their sharing of travel cost, rather than a means of livelihood, and non-financial motivations, such as helping riders in need by sharing idle seats, often play an integral part in their decision to offer carpooling rides. For instance, through our gratitude program, private car owners may receive virtual flowers with thank-you notes sent by riders as an expression of their appreciation for the hospitality and help that they enjoyed during the rides. As a result, we can facilitate carpooling services at an attractive price to riders, and at the same time, become profitable as we generally do not need to provide significant subsidies to private car owners once our platform has gained market acceptance. During the Track Record Period, subsidies we provided to private car owners generally ranged from nil to 10% of the GTV of each carpooling trip, depending on various factors such as the travel distance and the local city-level economic conditions. In 2021, 2022 and 2023, the total amount of subsidies to private car owners and user incentives for carpooling riders we incurred was RMB0.1 billion, RMB0.1 billion and RMB0.2 billion, respectively, accounting for 1.8%, 1.9% and 1.8% of the GTV of our carpooling marketplace in the same year, respectively. We are likewise not compelled to retain taxi drivers with substantial subsidies as they utilize our services primarily to obtain online orders to supplement the orders generated from roadside-hailing, and in turn, increase their earnings and enhance the utilization rate of their vehicles.

Our business remained resilient amid the challenges arising from the COVID-19 pandemic, as we do not bear any costs of car ownership or related depreciation, nor do we need to incur large capital expenditures to support our business recovery after the pandemic. Our revenue was RMB780.6 million, RMB569.1 million and RMB815.1 million in 2021, 2022 and 2023, respectively. We remained profitable in terms of adjusted net profit (non-IFRS measure) during the Track Record

SUMMARY

Period. Our adjusted net profit (non-IFRS measure) was RMB238.0 million, RMB84.7 million and RMB225.6 million in 2021, 2022 and 2023, respectively, representing an adjusted net profit margin (non-IFRS measure) of 30.5%, 14.9% and 27.7% for the same years, respectively. See “Financial Information—Description of Major Profit or Loss Line Items—Non-IFRS Measure” for a reconciliation of our profit/loss for the year to adjusted net profit (non-IFRS measure).

BUSINESS SCALE

As of December 31, 2023, we offered our app-based carpooling marketplace services in 366 cities across China. During the Track Record Period, we generated a substantial majority of the total GTV of our carpooling marketplace services from 46 cities. The following table sets forth a breakdown of the GTV generated from our carpooling marketplace services by region for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentages)					
Region						
Guangdong	2,686	34.7	1,877	31.0	2,383	27.6
Shanghai, Jiangsu and Zhejiang	1,926	24.8	1,537	25.4	2,442	28.3
Sichuan and Chongqing	884	11.4	833	13.7	1,049	12.1
Northeast China ⁽¹⁾	917	11.8	766	12.6	1,074	12.4
Beijing, Tianjin and Hebei	693	9.0	491	8.1	891	10.3
Others	645	8.3	557	9.2	797	9.2
Total	7,751	100.0	6,061	100.0	8,636	100.0

(1) Includes Shandong, Heilongjiang, Liaoning and Jilin provinces.

In 2021, 2022 and 2023, we facilitated approximately 129.7 million, 94.2 million and 130.3 million carpooling rides, respectively, representing a GTV of approximately RMB7.8 billion, RMB6.1 billion and RMB8.6 billion in the same years, respectively. The number of carpooling rides we facilitated decreased in 2022, primarily due to the regional resurgence of COVID-19 in multiple localities, particularly in the cities where we had major operations. For example, there were significant local outbreaks in Shanghai from March 2022 to June 2022, in Beijing from March to May and from November to December in 2022, and in Shenzhen, Dongguan and Guangzhou from February 2022 to April 2022, which also led to the decrease in GTV for the same periods. Moreover, the competitive landscape has further evolved as a major mobility platform relaunched its carpooling marketplace services in December 2019 and gained an increased market share in terms of GTV from 10.8% in 2020 to 19.6% in 2021, which then remained relatively stable at 18.4% in 2022. Our market share in China’s carpooling market was negatively impacted which decreased from 43.4% in 2020 to 35.4% in 2021 in terms of GTV. As a result of the disparity of COVID-19 impact in terms of geography and magnitude, coupled with the evolution in the competitive landscape, our GTV generated from carpooling marketplace services did not keep pace with the overall market in 2021

SUMMARY

and decreased in 2022, and our market share decreased from 38.1% in 2021 to 32.5% in 2022 in terms of the number of carpooling rides and from 35.4% in 2021 to 31.8% in 2022 in terms of the GTV. See “Business—Our Service Offerings—Carpooling Marketplace.”

The total GTV of our carpooling marketplace services increased from 2022 to 2023, along with our business recovery from the adverse impact of COVID-19 outbreaks. The GTV of our carpooling marketplace services generated from Guangdong decreased as a percentage of our total GTV in 2023 compared to 2022, primarily due to the intensified market competition in the local market of Guangdong province which is a primary operational focus for certain other market players, whereas we have not prioritized that region. We started our carpooling marketplace services relatively early in Guangdong province and, as a result, it contributed the largest proportion of our carpooling marketplace services GTV in 2021 and 2022, respectively. However, as the local market matured and became highly competitive, we strategically decided to prioritize other provinces in China that present greater growth potential. As such, the GTV of our carpooling marketplace services generated from Shanghai, Jiangsu and Zhejiang increased as a percentage of our total GTV in the same years, primarily due to our business recovery and growth in Shanghai in 2023 compared to 2022, where there were significant local COVID-19 outbreaks from March 2022 to June 2022.

In 2021, 2022 and 2023, we facilitated approximately 35.5 million, 21.5 million and 12.1 million taxi online-hailing rides, respectively, representing a GTV of approximately RMB827.2 million, RMB427.4 million and RMB223.9 million in the same years, respectively. During the Track Record Period, the number of taxi online-hailing rides we facilitated and the corresponding GTV generally decreased, primarily due to shifts in the competitive dynamics of the taxi online-hailing industry and the general decline of the taxi industry resulting from intensified competition from the ride-hailing industry. See “Business—Our Service Offerings—Smart Taxi Services—Taxi online-hailing.”

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors: (1) technology-driven carpooling and smart taxi platform, (2) network effect enabled by our business model, (3) long-term growth underpinned by user-centricity, (4) our commitment to the positive impact on the environment and society, (5) advanced technology to facilitate mobility solutions, and (6) experienced management with long-term vision.

SUMMARY

We offer unique value propositions to key stakeholders. For riders, our platform provides diverse mobility options with different price, time and travel preferences, through private car owners or taxi drivers and on a pre-arranged or immediate basis. Our platform also maintains high standards of safety and service quality, and facilitates hospitable and pleasant ride experience. For private car owners, they could save money on gas and tolls by sharing costs related to traveling with carpooling riders and enjoy non-financial rewards such as contribution to a greener environment. We protect private car owners with a similar safety standard comparable to riders, and provide transparent pre-set pricing for each carpooling trip to prevent disputes. For the taxi industry, through our smart taxi services, we contribute to improved efficiency and earnings for taxi drivers, and quality improvement of conventional taxi services. Through our value propositions to the key stakeholders in the mobility ecosystem, we provide sustainable, long-term benefits to the overall society.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business: (1) strengthen market position in the carpooling industry by enlarging our user base and strengthening our marketing and promotion initiatives, (2) continue expanding the geographical coverage of our smart taxi services and exploring collaboration opportunities with an increasing number of taxi companies and associations, (3) enhance monetization capabilities and diversify monetization channels by further developing advertising and other services, stepping up our monetization efforts nationwide, and exploring additional types of service charges for our smart taxi services, (4) advance our technological capabilities and operational efficiency by investing in advanced technologies and recruiting industry talents, and (5) pursue strategic alliances, investments and acquisitions across the value chain of China's mobility market to further strengthen our competitiveness.

RISKS AND CHALLENGES

Our business and operations involve certain risks and uncertainties including those set out in the "Risk Factors" section in this prospectus. Some of the major risks we face include, but are not limited to, the following:

- Our limited operating history and evolving business make it difficult to evaluate our prospects and the risks and challenges we may encounter.
- The carpooling market in which we operate may not continue to grow, grow slower than we expect or fail to grow as large as we expect.
- We face intense competition and could lose market share to our competitors. We may fail to effectively execute our strategy to further expand our smart taxi services.
- We experienced net losses, net liabilities and net current liabilities in the past, and we may not sustain profitability or revert to net assets or net current assets in the future.
- We face challenges associated with regulations in our addressable markets, in particular the carpooling market.

SUMMARY

As different investors may have different interpretations and criteria when determining the significance of a risk, you should carefully read the “Risk Factors” section in its entirety before you decide to invest in our Shares.

OUR CUSTOMERS AND SUPPLIERS

Our customers include primarily individual private car owners and taxi drivers who use our platform, and corporate customers which engage us for our advertising and other services, including companies providing automobile-related services, technology and internet companies, e-commerce companies and media companies. For each year of the Track Record Period, our top five customers were all corporate customers for our advertising and other services. Revenue generated from our top five customers in each year during the Track Record Period accounted for 5.4%, 4.6% and 2.7% of our total revenue in 2021, 2022 and 2023, respectively. See “Business—Customers and Suppliers—Our Customers.”

Our suppliers include primarily third-party payment processors, insurance providers, customer service outsourcing vendors, marketing service providers, and server hosting, cloud computing, software service and other technology service providers. We select our suppliers based on the quality of services, prices and our business needs. Purchases from our top five suppliers in each year during the Track Record Period accounted for 41.9%, 39.0% and 40.8% of our total purchases in 2021, 2022 and 2023, respectively. See “Business—Customers and Suppliers—Our Suppliers.”

Except for Customer A, one of our five largest customers in 2021, 2022 and 2023, respectively, who was also our supplier in 2022 and 2023, respectively, none of our major customers was our major supplier in each year during the Track Record Period. Customer A purchased advertising services of in-app programmatic advertisement placement in 2021, 2022 and 2023, respectively. Meanwhile, in 2022 and 2023, respectively, Customer A provided API interface developing services for us. See “Business—Customers and Suppliers—Overlapping of Customers and Suppliers.”

SUMMARY

COMPETITION

China's mobility market, including our addressable markets, is intensely competitive and characterized by rapid changes in technology, shifting user preferences and frequent introduction of new services and products. Specifically, China's car-based passenger transportation market comprises three major distinct mobility modes, namely carpooling, taxi and ride-hailing. As illustrated by the following chart, the three major mobility modes differ from each other in several aspects.

	Carpooling	Traditional Taxi	Ride-hailing ⁽¹⁾	
Market Share⁽²⁾	4.4%	54.2%	41.4%	
Mobility Supply & Management	<ul style="list-style-type: none"> Private car owners 	<ul style="list-style-type: none"> Taxi companies 	<ul style="list-style-type: none"> Mix of cars from individual drivers and rental companies 	<ul style="list-style-type: none"> Ride-hailing platform
Regulatory Restriction	<ul style="list-style-type: none"> Only allowed to be provided by private passenger cars for noncommercial purposes Subject to regulations promulgated by municipal authorities on, for example, the limitation on the number of carpooling trips per day and the standard of cost sharing 	<ul style="list-style-type: none"> Provided for commercial purposes Subject to regulations on the business operations of passenger transport, such as requirements of licenses and permits 	<ul style="list-style-type: none"> Provided for commercial purposes Subject to regulations on the business operations of passenger transport, such as requirements of licenses and permits 	
Operating Permit in Transportation Industry	<ul style="list-style-type: none"> Vehicle: no permit requirement Driver: no permit requirement 	<ul style="list-style-type: none"> Vehicle: Road Transportation Permit (道路運輸證) Driver: Cruising Driver Permit (巡游出租汽車駕駛員證) 	<ul style="list-style-type: none"> Platform: Ride-hailing Operation Permit (網絡預約出租汽車經營許可證) Vehicle: Ride-hailing Vehicle Permit (網絡預約出租汽車運輸證); 44.4% of vehicles providing ride-hailing services in 2023 obtained such permit⁽³⁾ Driver: Ride-hailing Driver Permit (網絡預約出租汽車駕駛員證) 	
Service Provider	<ul style="list-style-type: none"> Private car owners Cost sharing 	<ul style="list-style-type: none"> Professional drivers Main source of income 	<ul style="list-style-type: none"> Mainly professional drivers⁽⁴⁾ Main source of income 	<ul style="list-style-type: none"> Professional drivers Main source of income
Cost of Subsidies per Order	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> High 	
Nature of the Mobility Mode	<ul style="list-style-type: none"> Collaborative 	<ul style="list-style-type: none"> Commercial 	<ul style="list-style-type: none"> Commercial 	
Pricing	<ul style="list-style-type: none"> 0.3x-0.5x of local taxi price 	<ul style="list-style-type: none"> 1.0x of local taxi price 	<ul style="list-style-type: none"> Economy: 0.8x of local taxi price Premium: 1.8x-2.0x of local taxi price Luxury: 3.6x-4.0x of local taxi price 	
Revenue of Online-hailing Platform	<ul style="list-style-type: none"> Commission rate⁽⁵⁾ (8-10% of the fare charged) 	<ul style="list-style-type: none"> Commission rate⁽⁵⁾ (0-6% of the fare charged) 	<ul style="list-style-type: none"> Commission rate⁽⁵⁾ (20-30% of the fare charged) for platforms with mobility supply sourced from third-parties 	<ul style="list-style-type: none"> 100% of the fare charged as revenue for platforms with self-operated fleets
Growth Potential	<ul style="list-style-type: none"> High 	<ul style="list-style-type: none"> Limited for traditional taxi Could benefit from digital transformation with increased utilization efficiency 	<ul style="list-style-type: none"> High 	
Examples of Major Players	<ul style="list-style-type: none"> Dida Company A⁽⁶⁾ 	<ul style="list-style-type: none"> A traditional taxi company in Beijing, with over 20,000 taxis, providing roadside taxi-hailing, car rental and other services. A public company in Shanghai listed on the Shanghai Stock Exchange, with over 9,000 taxis, providing traditional roadside taxi-hailing services. 	<ul style="list-style-type: none"> Company B⁽⁶⁾⁽⁷⁾, a mobility platform providing ride-hailing, taxi online-hailing, carpooling and other services, with a market share of 76.0% and 17.3% in China's ride-hailing market and carpooling market, respectively, in terms of GTV in 2023. 	<ul style="list-style-type: none"> Company E⁽⁷⁾

SUMMARY

Source: F&S Report

- (1) There are two different modes depending on the underlying operation strategies, including (i) ride-hailing platforms that provide ride-hailing services by themselves, and (ii) aggregate ride-hailing companies that direct users to other ride-hailing platforms and in general do not directly provide ride-hailing services.
- (2) Represents the respective market shares of the three mobility modes in China's car-based passenger transportation market in terms of GTV in 2023.
- (3) In 2023, there were a total of 6.29 million ride-hailing vehicles, among which approximately 2.79 million obtained a permit.
- (4) Approximately 70% of ride-hailing drivers are professional drivers who drive for more than six hours per day.
- (5) Charged to private car owners and ride-hailing drivers.
- (6) For detailed description of the market player, see "Industry Overview—Overview of China's Carpooling Market—Competitive Landscape."
- (7) For detailed description of the market player, see "Industry Overview—Overview of China's Taxi Market—Competitive Landscape."

As illustrated in the table above, compared to ride-hailing services business, carpooling services business is characterized by, among others, lower pricing and collaborative mobility mode. The penetration rate of carpooling in China in terms of travel distance is expected to increase from 0.36% in 2024 to 0.80% in 2028. On the other hand, carpooling has its limitations as compared to ride-hailing. As carpooling is not an on-demand commercial mobility service and mandates a high similarity level of travel itineraries, potential carpooling riders may not always get matched in a timely manner, or at all. As such, the market size of carpooling may not be comparable to that of ride-hailing. In addition, the potential growth of the carpooling market in the entire car-based passenger transportation industry is limited by the competition from ride-hailing service providers and other market players arising from their dominant market positions, enlarged business scale and growing base of drivers.

During the Track Record Period, the competitive landscape of China's carpooling market evolved due to the changes in the major players. Specifically, a major market player, who temporarily suspended its carpooling marketplace service from August 2018 to December 2019, officially relaunched its carpooling marketplace service in December 2019. Its market share increased in terms of GTV from 10.8% in 2020 to 19.6% in 2021 and then remained relatively stable at 18.4% in 2022, which impacted our market share in China's carpooling market that decreased from 43.4% in 2020 to 35.4% in 2021 in terms of GTV. As a result of the disparity of COVID-19 impact in terms of geography and magnitude, coupled with the evolution in the competitive landscape, our GTV generated from carpooling marketplace services did not keep pace with the overall market in 2021 and decreased in 2022, and our market share decreased from 38.1% in 2021 to 32.5% in 2022 in terms of the number of carpooling rides and from 35.4% in 2021 to 31.8% in 2022 in terms of the GTV. We expect competition to continue, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages, as well as from new entrants into the market, some of which may become significant players in the future. Apart from other carpooling marketplace service providers, we also face competition from ride-hailing service providers and other market players in China's car-based passenger transportation market. See "Industry Overview" for the details of the competitive landscape.

SUMMARY

SUMMARY OF FINANCIAL INFORMATION

The following tables present the summary of financial information for the Track Record Period and should be read in conjunction with our financial information included in the Accountants' Report in Appendix I to this prospectus, including the notes thereto.

Summary of Consolidated Statements of Profit or Loss

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

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Revenue	780,583	100.0	569,078	100.0	815,085	100.0
Cost of services	(149,319)	(19.1)	(141,515)	(24.9)	(209,714)	(25.7)
Gross profit	631,264	80.9	427,563	75.1	605,371	74.3
Profit/(loss) before						
taxation	1,791,278	229.5	(185,484)	(32.6)	320,251	39.3
Income tax expense	(60,272)	(7.7)	(2,147)	(0.4)	(19,867)	(2.4)
Profit/(loss) for the						
year	<u>1,731,006</u>	<u>221.8</u>	<u>(187,631)</u>	<u>(33.0)</u>	<u>300,384</u>	<u>36.9</u>

Non-IFRS measure

To supplement our consolidated financial statements which are presented under IFRSs, we also use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRSs. We define adjusted net profit (non-IFRS measure) as profit/(loss) for the year adjusted for share-based payment expenses, change in fair value of Preferred Shares, and listing expense. Share-based payment expenses are non-cash in nature arising from the grant of restricted shares and options to 5brothers Limited and other senior management and employees. For change in fair value of Preferred Shares, the Preferred Shares will be automatically converted into ordinary shares upon completion of the Global Offering and we do not expect to record further gains or losses in relation to valuation changes in such instruments after the Listing. Listing expense is the expense relating to the Global Offering. Therefore, we believe that these items should be adjusted for when calculating our adjusted net profit (non-IFRS measure) to facilitate potential investors in assessing our performance, especially in making year-to-year comparisons of, and assessing the profile of, our operating and financial performance. See “Financial Information—Description of Major Profit or Loss Line Items—Non-IFRS Measure” for details. The following table reconciles our adjusted net profit for the year (non-IFRS measure) presented under IFRSs, which is profit/(loss) for the year.

SUMMARY

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

Revenue

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

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

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

Our revenue generated from the provision of carpooling marketplace services decreased from 2021 to 2022 in terms of the absolute value, primarily due to the decrease in the number of the carpooling rides we facilitated as a result of the regional resurgence of COVID-19 in multiple localities. Our revenue generated from the provision of carpooling marketplace services increased from 2022 to 2023, primarily due to the increases in the number of the carpooling rides we facilitated and the average fare per carpooling ride in the same years. Our revenue generated from the provision of smart taxi services decreased from 2021 to 2022, primarily due to the decrease in the number of taxi online-hailing rides we facilitated as a result of the regional resurgence of COVID-19 in multiple localities in the same years. Our revenue generated from the provision of smart taxi services decreased from 2022 to 2023, primarily due to the decrease in the number of taxi online-hailing rides we facilitated resulting from the intensified market competition and the cessation of our cooperation with aggregation platforms related to taxi online-hailing services. See “Financial Information—Description of Major Profit or Loss Line Items—Revenue” for details.

SUMMARY

Cost of services

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

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

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

(2) Include primarily urban maintenance and construction tax.

Our payment processing costs decreased from 2021 to 2022 and increased in 2023, which was in line with the change in the GTV of rides we facilitated during the Track Record Period. Our third-party services costs increased during the Track Record Period, primarily due to the increase in operational and maintenance services fees as we have enhanced technology infrastructure and security measures. In addition, we newly cooperated with an aggregation platform in relation to our carpooling marketplace services in 2023, resulting in an increase in the service fees paid to aggregation platforms and contributing to the increase in our third-party services costs in the same years. Our subsidies to private car owners recorded as cost of services increased during the Track Record Period, primarily because we strategically enhanced our marketing efforts for private car owners to incentivize them to provide rides on our platform. Our insurance costs decreased from 2021 to 2022, primarily due to the decrease in the number of carpooling rides we facilitated, partially offset by the increased insured cap of insurance coverage for carpooling rides. Our insurance costs increased from 2022 to 2023, primarily due to the increase in the number of carpooling rides we facilitated and the increase in the proportion of inter-city trips which had a higher insured cap than intra-city trips. See “Financial Information—Description of Major Profit or Loss Line Items—Cost of Services” for details.

SUMMARY

Gross profit and gross profit margin

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

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

Our gross profit and gross profit margin for the provision of carpooling marketplace services decreased from 2021 to 2022, primarily because (1) we continued to increase our subsidies to private car owners, (2) we continued to incur certain fixed costs related to the provision of carpooling marketplace services, such as staff costs, whereas the relevant revenue decreased as a result of the COVID-19 pandemic, and (3) our insurance costs decreased at a lower pace than the related revenue in the same periods as we increased the insured cap of insurance coverage for carpooling rides. Our gross profit for the provision of carpooling marketplace services increased from 2022 to 2023 along with the increase in our revenue generated from the provision of carpooling marketplace services, yet the corresponding gross profit margin decreased in the same years primarily due to the faster increase in our cost of services related to the provision of carpooling marketplace services, because of the increases in (1) third-party service costs, resulting from the increases in operational and maintenance service fees and service fees paid to aggregation platforms, and (2) insurance costs as we further increased the insured cap of insurance coverage for carpooling rides.

We recorded gross loss for the provision of smart taxi services in 2022 and 2023, respectively, and our gross margin for the provision of smart taxi services decreased from 2021 to 2023, primarily because (1) our revenue generated from the provision of smart taxi services decreased due to the decrease in the number of taxi online-hailing rides we facilitated resulting from (i) the impact of COVID-19 resurgence in multiple localities, particularly in 2022; (ii) the decrease in the number of average monthly active certified taxi drivers on our platform in 2023 because of shifts in the competitive dynamics of the taxi online-hailing industry and the general decline of the taxi industry resulting from intensified competition from the ride-hailing industry, which negatively affected our service volume; and (iii) the gradual cessation of our cooperation with aggregation platforms related to taxi online-hailing services; (2) we incurred certain fixed operational and maintenance costs for the smart taxi services (including payroll costs for maintenance staff and office related costs), which were not directly related to the transaction volume of smart taxi services; and (3) we allocated certain variable operational and maintenance costs (including infrastructure cost, security cost and services

SUMMARY

fees for text messages) to smart taxi services proportionally based on the total number of taxi rides we enabled, including those we have not yet charged service fees as such rides also utilized the relevant operational and maintenance services and incurred corresponding costs, which accounted for an increasing portion of the total number of taxi rides we enabled in 2021 and 2022. See “Financial Information—Description of Major Profit or Loss Line Items—Gross Profit/(Loss) and Gross Margin” and “Financial Information—Year to Year Comparison of Results of Operations” for details. As such, we recorded negative gross margin of 36.6% and 51.0% in 2022 and 2023, respectively.

Our gross profit margin for the provision of advertising and other services increased from 2021 to 2022, primarily due to the expansion of our programmatic advertising services, which had a relatively higher gross profit margin than the direct sales of our in-app advertising spaces. Our gross profit margin for the provision of advertising and other services increased from 2022 to 2023, as we engaged less third-party services to connect with advertisers and instead relied more on in-house research and development which was more cost-effective. See “Financial Information—Description of Major Profit or Loss Line Items—Gross Profit/(Loss) and Gross Margin” for details.

Income tax expense

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

Profit/(loss) for the Year

We recognized net profit in 2023, compared to net loss in 2022, primarily due to (1) the decrease in the fair value of our Preferred Shares in line with the valuation of our Company, and (2) the increase in our revenue generated from carpooling marketplace services along with the increases in the number of the carpooling rides we facilitated and the average fare per carpooling ride. We recognized net loss in 2022, compared to the net profit in 2021, primarily due to (1) the change in fair value of Preferred Shares resulting from the substantial increase in the fair value of our Preferred Shares in line with the valuation of our Company, and (2) the increases in our selling and marketing expenses and research and development expenses as a percentage of total revenue, respectively. All the Preferred Shares will be automatically converted into our Ordinary Shares at no additional consideration upon the completion of the Global Offering and, therefore, we do not expect to recognize any further loss or gain on fair value changes of the Preferred Shares after the Listing.

SUMMARY

Summary of Consolidated Statements of Balance Sheet

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

	As of December 31,		
	2021	2022	2023
	(RMB in thousands)		
Total non-current assets	124,416	121,512	98,357
Total current assets	1,077,201	1,140,284	1,475,002
Total current liabilities	2,874,856	4,981,600	4,880,952
Net current liabilities	(1,797,655)	(3,841,316)	(3,405,950)
Total assets less current liabilities	(1,673,239)	(3,719,804)	(3,307,593)
Total non-current liabilities	1,886,100	586	1,899
Net liabilities	(3,559,339)	(3,720,390)	(3,309,492)

We had net current liabilities of RMB1,797.7 million, RMB3,841.3 million and RMB3,406.0 million as of December 31, 2021, 2022 and 2023, respectively, primarily due to the current portion of the Preferred Shares, as the fair value of the Preferred Shares with the redemption date of less than one year from the balance sheet date were recorded as current liabilities. As of December 31, 2021, 2022 and 2023, the Preferred Shares with the amount of RMB2,342.5 million, RMB4,465.6 million and RMB4,256.2 million were redeemable within one year from the balance sheet date and recorded as current liability.

We recorded net liabilities of RMB3,559.3 million, RMB3,720.4 million and RMB3,309.5 million as of December 31, 2021, 2022 and 2023, respectively, primarily because the fair value of our Preferred Shares was treated as liabilities under the IFRS. Our net liabilities increased from RMB3,559.3 million as of December 31, 2021 to RMB3,720.4 million as of December 31, 2022, primarily due to (1) an increase in accumulated losses of RMB187.6 million primarily caused by the increased valuation of our Company as a result of the industry recovery since December 2022 when the PRC government strategically adjusted pandemic prevention policies and significantly lift the restrictive measures aimed at controlling the spread of the COVID-19 virus, and (2) an increase in share-based payment reserves of RMB29.8 million. Our net liabilities decreased from RMB3,720.4 million as of December 31, 2022 to RMB3,309.5 million as of December 31, 2023, primarily due to total comprehensive income of RMB300.4 million recorded in the current year. All the Preferred Shares will be automatically converted into our Ordinary Shares at no additional consideration upon the completion of the Global Offering and, accordingly, we expect to record net assets and net current assets following the Listing.

SUMMARY

As of December 31, 2023, we had payables to users of RMB538.3 million, representing the users' account balance of private car owners, taxi drivers and carpooling riders on our platform that they had not yet withdrawn. We have adequate capital and banking facilities to maintain a sufficient level of cash flow for operations against any potential material withdrawal of payables by the relevant users, considering that (1) we had bank balances and cash of RMB685.5 million as of December 31, 2023, which are highly liquid and can be utilized anytime; (2) we had restricted cash of RMB386.6 million as of the same date, representing payables to and account balance of users that were held on the bank account escrowed by a licensed commercial bank, which can be used for repayments to the users; and (3) we had financial assets at fair value through profit or loss of RMB352.8 million as of the same date, representing primarily the short-term wealth management products we purchased from a reputable licensed commercial bank in China, which are highly liquid with no fixed term and can be withdrawn anytime.

Summary of Consolidated Statement of Cash Flows

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

	Year ended December 31,		
	2021	2022	2023
	(RMB in thousands)		
Net cash generated from operating activities	135,412	107,391	230,220
Net cash (used in)/generated from investing activities	(100,346)	72,662	(197,707)
Net cash used in financing activities	(67,209)	(3,515)	(10,250)
Net (decrease)/increase in cash and cash equivalents	(32,143)	176,538	22,263
Cash and cash equivalents at beginning of the year	520,309	486,299	663,230
Effect of foreign exchange rate changes	(1,867)	393	29
Cash and cash equivalents at end of the year represented by bank balances and cash	<u>486,299</u>	<u>663,230</u>	<u>685,522</u>

Key Financial Ratios

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

	Year ended December 31,		
	2021	2022	2023
Profitability ratios			
Gross profit margin	80.9%	75.1%	74.3%
Adjusted net profit margin (non-IFRS measure)	30.5%	14.9%	27.7%

SUMMARY

	As of December 31,		
	2021	2022	2023
Liquidity ratio			
Current ratio	0.4	0.2	0.3

We recorded an adjusted net profit margin (non-IFRS measure) of 30.5%, 14.9% and 27.7% in 2021, 2022 and 2023, respectively. The decrease in our adjusted net profit margin (non-IFRS measure) from 2021 to 2022 was primarily due to the decrease in our adjusted net profit (non-IFRS measure) of RMB238.0 million and RMB84.7 million in the same years, respectively, as (1) we increased our subsidies to private car owners to incentivize them to provide rides on our platform, and (2) we increased the insured cap of insurance coverage for carpooling rides and continued to incur certain fixed costs related to the provision of carpooling marketplace services whereas the relevant revenue decreased as a result of the COVID-19 pandemic. Our adjusted net profit margin (non-IFRS measure) increased from 2022 to 2023 along with the increase in our adjusted net profit (non-IFRS measure) from RMB84.7 million to RMB225.6 million in the same years, as we recognized net profit in 2023 compared to net loss in 2022, primarily due to the increase in our revenue generated from carpooling marketplace services resulting from the increases in the number of the carpooling rides we facilitated and the average fare per carpooling ride. See “Financial Information—Key Financial Ratios.”

OUR SHAREHOLDING STRUCTURE

The Group of Our Controlling Shareholders

As of the Latest Practicable Date, our Co-Founders, through their common holding company, namely 5brothers Limited, were beneficially interested in approximately 33.57% of the total number of issued Shares. Pursuant to our currently effective memorandum and articles of association, the Shares held by 5brothers Limited shall together carry the number of votes equal to the number of votes carried by the Shares held by all other Shareholders, as a result of which, the shares held by 5brothers Limited are granted with the voting power representing 50% of all the voting power at the general meetings of our Company.

In light of the Listing, on June 13, 2024, our Shareholders resolved to adopt a new memorandum and articles of association, effective immediately prior to the Listing, to replace our current memorandum and articles of association and terminate all the special rights granted to existing shareholders to comply with applicable laws and regulations after the Listing.

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares that may be issued under the Share Incentive Schemes), our Co-Founders, through 5brothers Limited and their respective Principal BVI Holdco will control approximately 66.39% of all the voting powers at the general meetings of our Company, comprising approximately 32.25% beneficially owned by themselves through 5brothers Limited and approximately 34.14% vested to 5brothers Limited by the Proxy Investors, and will, together with 5brothers Limited and their respective Principal BVI Holdcos, continue to be a group of our Controlling Shareholders. See “History and Corporate Structure—Our Company and Major Shareholding Changes—Voting Proxies” for details.

SUMMARY

Pre-IPO Investments

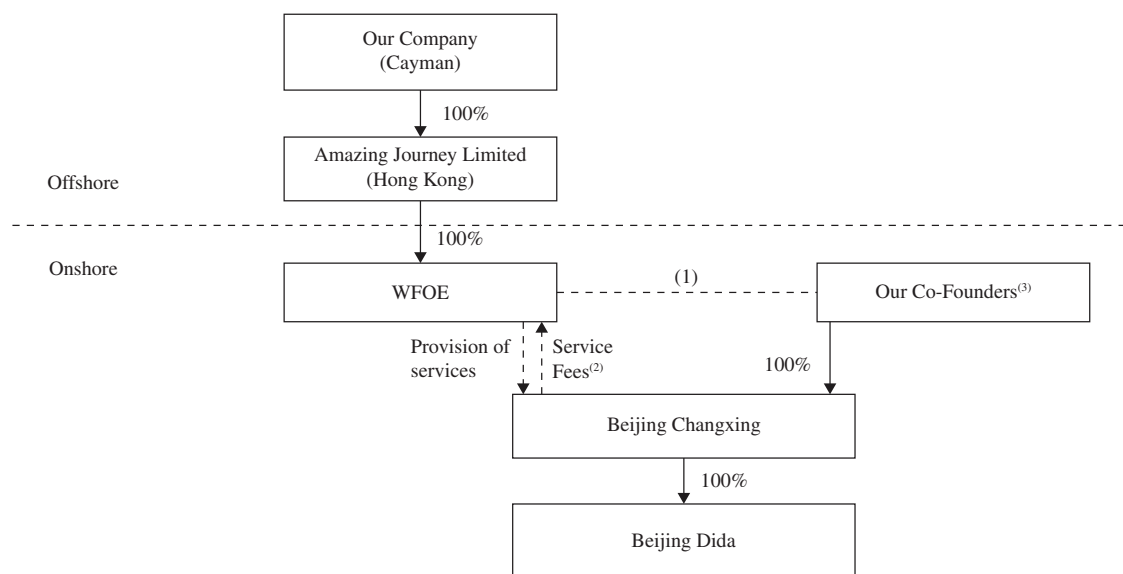
Since our inception, we have attracted a number of reputable and influential institutional or corporate investors to invest in our Company, such as NIO Capital, IDG, CRCI, Bitauto, Hillhouse, JD.com and Ctrip. See “History and Corporate Structure—Pre-IPO Investments” for details.

Share Incentive Schemes

We have adopted the Pre-IPO Share Incentive Schemes and the Post-IPO RSU Scheme. The principal terms of such share incentive schemes are summarized in the section headed “Statutory and General Information—D. Share Incentive Schemes” in Appendix IV of this prospectus.

CONTRACTUAL ARRANGEMENTS

The services provided by us are subject to foreign ownership prohibitions and restrictions under the PRC laws. We have operated our business through our PRC operating entities, namely Beijing Changxing and its subsidiary. In order to comply with PRC laws and regulations and maintain effective control over Beijing Changxing and its subsidiary, we have entered into the Contractual Arrangements through which we are able to exercise control over and enjoy all the economic benefits from the operations of Beijing Changxing and its subsidiary. The following simplified diagram illustrates the flow of economic benefits from Beijing Changxing and its subsidiary to our Group stipulated under the Contractual Arrangements. See “Contractual Arrangements” for details.



→ Beneficial ownership in equity interest

- - → Beneficial ownership through contractual arrangement

- (1) Control of WFOE over the business of Consolidated Affiliate Entities through agreements with the Registered Shareholders: (i) Exclusive Option Agreement and Exclusive Asset Acquisition Agreement, (ii) Equity Pledge Agreements, (iii) Powers of Attorney, and (iv) Loan Agreement.
- (2) Control of WFOE over the business of Consolidated Affiliate Entities through Exclusive Business Cooperation Agreement.
- (3) As of the Latest Practicable Date, Beijing Changxing was owned as to 60.5755% by Mr. SONG, 10.5362% by Mr. ZHU Min, 10.5362% by Mr. LI Jinlong, 10.5362% by Mr. LI Yuejun and 7.8159% by Mr. DUAN Jianbo, who were the Registered Shareholders.

SUMMARY

DIVIDEND

During the Track Record Period, we did not pay or declare any dividend. According to our dividend policy adopted on June 13, 2024, the Articles of Association and applicable laws and regulations, the determination to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We do not have a pre-determined dividend payout ratio. We will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue, to be issued pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) and to be issued pursuant to the Pre-IPO Share Incentive Schemes and the Post-IPO RSU Scheme on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (1) our revenue for the year ended December 31, 2023, which is over HK\$500 million, and (2) our expected market capitalization at the time of Listing, which, based on the low-end of the indicative Offer Price range, exceeds HK\$4.0 billion.

COVID-19 OUTBREAK AND EFFECTS ON OUR BUSINESS

Our business and results of operations depend on our ability to effectively deal with outbreak of health pandemics, natural disasters and other calamities. The occurrence of such a disaster or prolonged outbreak of contagious diseases or other adverse public health developments in China or elsewhere could materially disrupt our business and operations. For example, the COVID-19 pandemic throughout China negatively impacted the carpooling and taxi industries in China, which in turn adversely affected our business, results of operations and financial condition. The GTV of China's carpooling market fluctuated from 2016 to 2021. Amid the fluctuating market conditions, the number of carpooling rides we facilitated and the corresponding GTV decreased in 2021 and 2022, primarily due to the resurgence of COVID-19 in multiple localities, particularly in the cities where we had major operations. For example, there were significant local outbreaks in Shanghai from July 2021 to September 2021 and from March 2022 to June 2022, in Beijing from March to May and from November to December in 2022, in Chengdu and Chongqing in July, August and November 2021, and in Shenzhen, Dongguan and Guangzhou from February 2022 to April 2022, which also led to the decrease in GTV for the same periods.

SUMMARY

Our Directors have carried out a holistic review of the impact of the COVID-19 on our operations and confirmed that although the COVID-19 pandemic adversely affected our business during the Track Record Period, as of the date of this prospectus, the impact of pandemic to our Group's business operation has been temporary considering the recovery of the market and our business. Our business volume has experienced a recovery to the pre-COVID-19 level in 2023. For instance, we facilitated approximately 130.3 million carpooling rides in 2023, representing an increase of 38.3% from approximately 94.2 million in 2022. In addition, the GTV generated from our carpooling marketplace reached approximately RMB8.6 billion in 2023, representing an increase of 42.5% from RMB6.1 billion in 2022. See “—Recent Business Development.”

We are closely monitoring the development of the pandemic, as well as other health pandemics, natural disasters and extraordinary events, and continuously evaluating any potential impact on our business, results of operations and financial condition. See “Financial Information—COVID-19 Outbreak and Effects on Our Business” for the impact of COVID-19 outbreak on our business and “Risk Factors—Risks Relating to Our Business and Industry—Any occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse effect on our business, results of operations and financial condition” for the associated risks and challenges.

REGULATIONS ON CARPOOLING SERVICES AND ADMINISTRATIVE PENALTIES

As an emerging mobility mode in China, the carpooling market is still at a nascent stage and is rapidly evolving. The application, interpretation and implementation of municipal rules and regulations are developing toward greater clarity and consistency. As such, we were occasionally subject to administrative penalties imposed by certain municipal transportation authorities. In 2020 and 2021, there were 57 accumulative instances of administrative penalties in relation to our carpooling marketplace. Specifically, in 2020, we received 56 instances of administrative penalties, comprising 47 in Hefei, six in Beijing, one in Guangzhou, one in Chongqing and one in Meishan. In 2021, we received one instance of administrative penalty in Kunming. We have not received any administrative penalty since the latest one received in Kunming in November 2021 and up to the date of this prospectus.

As for all the 47 administrative penalties in Hefei, we proactively communicated with the relevant municipal transportation authority, clarified with the municipal transportation authority the nature of our business as a carpooling marketplace service provider, and confirmed that the previous administrative penalties were imposed primarily because the enforcement personnel had confused carpooling with online ride-hailing as it is a relatively new mobility mode and, as a result, misunderstood the nature of our business as a carpooling marketplace service provider. The other sporadic administrative penalties we received from five other cities were primarily due to reasons unrelated to the nature of our business as a carpooling marketplace service provider, such as violation of governmental restrictions during the pandemic. See “Business—Regulations on Carpooling Services and Administrative Penalties—Historical Administrative Penalties and Discrepancies” for details.

SUMMARY

As of the date of this prospectus, 36 of such administrative penalties have been subsequently revoked. The remaining 21 instances of outstanding administrative penalties have not been revoked, primarily because (1) for 11 instances of administrative penalties in Hefei, as confirmed by our PRC legal advisors, it is not practicable to request the revocation following the expiration of the relevant statute of limitations pursuant to applicable PRC laws, and (2) for the remaining 10 instances of administrative penalties in five other cities, considering (i) that the magnitude and the number of administrative penalties we received are small relative to the number of rides we facilitated in such cities, (ii) that the penalty amount for each instance was between RMB5,000 to RMB30,000, which is insignificant compared to our business scale, and (iii) that the administrative penalties were imposed sporadically, we did not make petition to revoke each of such administrative penalties. As of the date of this prospectus, we have fully tendered the payment under the remaining 21 instances of administrative penalties.

The national regulations governing the operation of carpooling business primarily include (1) the Guidelines on Deepening Reform and Promoting the Healthy Development of the Taxi Industry (國務院辦公廳關於深化改革推進出租汽車行業健康發展的指導意見) (the “National Guidelines”) promulgated by the General Office of the State Council, which acknowledges that carpooling has mutual benefits to the participants and distinguishes it from online ride-hailing, and (2) the Interim Measures for the Management of Online Ride-Hailing Operation and Service (網絡預約出租汽車經營服務管理暫行辦法) (the “Interim Measures”), which explicitly provide that carpooling is not subject to the licensing regime for ride-hailing. Furthermore, both the National Guidelines and the Interim Measures stipulate that municipal transportation authorities are the responsible and competent authorities to formulate regulations for carpooling services and regulate the platforms providing carpooling marketplace services in relevant cities. With the assistance of our PRC legal advisors and the participation of the Joint Sponsors and their PRC legal advisors, on February 6, 2023, we conducted a telephonic consultation with the MOT by the number publicly referenced on its official website and obtained affirmative confirmation of the abovementioned conclusion that (1) municipal transportation authorities are the relevant competent authorities to formulate regulations for carpooling services and regulate platforms providing carpooling marketplace services in their respective cities, and that (2) entities engaging in carpooling services should consult with the municipal authorities in the cities where they operate. Furthermore, on February 21, 2024, with the assistance of our PRC legal advisors and the participation of the Joint Sponsors and their PRC legal advisors, we conducted a further telephonic consultation with the MOT in the same manner as the previous one, which reaffirmed the above-mentioned conclusion.

From December 2022 to February 2023, with the participation of Joint Sponsors, our PRC legal advisors and the PRC legal advisors to the Joint Sponsors, we conducted on-site consultations (the “Consultations”) with the representatives of municipal transportation authorities in respect of the regulatory compliance of our business and local regulations relating to carpooling marketplace services in a total of 46 Major Cities, including (1) substantially all the cities that each contributed over 0.5% (including all the cities that each contributed over 1.0%) of the total GTV of our carpooling marketplace services in at least one reporting period from 2020 and throughout the Track Record Period, and (2) all the cities where we received administrative penalties in 2020 and 2021. During the Consultations with the representatives of the municipal transportation authorities in the Major Cities, we have communicated with the representatives the nature of our business as a

SUMMARY

carpooling marketplace service provider and the operational mechanism of our carpooling marketplace platform (including our current and/or historical internal rules on the carpooling ride fare and the daily limit on the number of carpooling rides), as well as our historical administrative penalties (if applicable). Having understood the substance of our business operations during the Consultations, all the municipal transportation authorities confirmed that, given that the overall operational mechanism of our carpooling marketplace platform remain in accordance with the national principles, (1) we are not required to obtain any license requisite to ride-hailing for the operation of our carpooling marketplace under the current regulatory regime and do not contravene PRC laws and regulations applicable to the respective municipalities in any material respects; (2) we have not had any material non-compliance issues in the respective municipalities; and (3) historical administrative penalties or discrepancies with certain local requirements in any particular respect, where applicable, do not constitute material non-compliance, or jeopardize the nature of our business as a carpooling marketplace service provider, or subject us to the licensing requirement applicable to ride-hailing service providers.

Furthermore, from February 2024 to March 2024, with the assistance of our PRC legal advisors and the participation of the Joint Sponsors and their PRC legal advisors, we conducted further telephonic and onsite consultations (the “Supplementary Consultations”) with the representatives of municipal transportation authorities in respect of the regulatory compliance of our business and local regulations relating to carpooling marketplace services in a total of 14 Major Cities, which contributed an aggregate of 54.5% of the total GTV of our carpooling marketplace services in 2023. The 14 Major Cities include (1) the top 10 GTV contributing cities of our carpooling marketplace services in 2023, where we generated an aggregate of 50.2% of the total GTV of our carpooling marketplace services for that year, and (2) five cities where the local implementation rules had been revised, consisting of (i) two cities, namely Wuxi and Yantai, where the rules were revised substantively, and (ii) three cities, namely Jinan (where the rules have lapsed pending new implementation as of the date of this prospectus), as well as Zhuhai and Hangzhou (where the rules only have textual modifications with no substantive change in the requirements), while Hangzhou was also one of our top 10 GTV contributing cities in 2023 as counted above. In the Supplementary Consultations, we obtained reaffirmations of the above-mentioned conclusions of our previous Consultations. See “Business—Regulations on Carpooling Services and Administrative Penalties—Regulatory Regime and Municipal Implementation Rules” for details.

SUMMARY

KEY OPERATING DATA

Our business volume has experienced a recovery to the pre-COVID-19 level in 2023 after the PRC government at all levels strategically adjusted the pandemic prevention policies and significantly lift the restrictive measures aimed at controlling the spread of the COVID-19 virus. The following table sets forth the key operating data for our carpooling marketplace services and taxi online-hailing services for the years indicated.

	Year ended December 31,		
	2021	2022	2023
Carpooling marketplace services			
GTV	RMB7.8	RMB6.1	RMB8.6
	billion	billion	billion
Number of carpooling rides we facilitated	129.7	94.2	130.3
	million	million	million
Average fare per carpooling ride	RMB59.8	RMB64.3	RMB66.3
Average fare per kilometer for carpooling rides ⁽¹⁾	RMB1.1	RMB1.2	RMB1.1
Number of average monthly active certified private car owners	1.6	1.2	1.6
	million	million	million
Number of average monthly active carpooling riders	4.8	3.7	4.8
	million	million	million
New riders	0.8	0.7	0.9
	million	million	million
Other riders	4.0	3.0	3.9
	million	million	million
Average monthly number of rides taken per rider ⁽²⁾	2.3	2.1	2.3
Average monthly revenue per certified private car owner ⁽²⁾	RMB36.7	RMB34.6	RMB40.5
Net service fee rate ⁽³⁾	7.4%	7.1%	7.8%
Taxi online-hailing services⁽⁴⁾			
GTV ⁽⁵⁾	RMB827.2	RMB427.4	RMB223.9
	million	million	million
Number of taxi online-hailing rides we facilitated	35.5	21.5	12.1
	million	million	million
Average fare per taxi online-hailing ride	RMB23.3	RMB19.9	RMB18.6
Average fare per kilometer for taxi online-hailing rides ⁽⁶⁾	RMB4.4	RMB3.6	RMB3.6
Number of average monthly active certified taxi drivers	200,000	140,000	102,000
Number of average monthly active taxi riders	1.7	0.8	0.5
	million	million	million
Average monthly revenue per certified taxi driver ⁽²⁾	RMB13.6	RMB11.5	RMB9.2
Net service fee rate ⁽³⁾	2.1%	1.8%	3.3%

(1) The average fare per kilometer for carpooling rides for a given period is calculated by dividing the aggregate GTV of all carpooling rides facilitated through our platform during that period by the aggregate estimated travel distance of all such carpooling rides in kilometers.

SUMMARY

- (2) See “Business—Our Service Offerings” for the calculation of average monthly number of rides taken per rider, average monthly revenue per certified private car owner and average monthly revenue per certified taxi driver.
- (3) See “Glossary” for the calculation of the net service fee rate.
- (4) The operating metrics for our taxi online-hailing services exclude data from our other smart taxi services, such as taxi rides we enabled through *Taxi Hailing Assistant* and *Taxi Smart Code*, which we have not begun to monetize.
- (5) The amount of GTV excludes those of taxi rides we enabled through other smart taxi services, such as *Taxi Hailing Assistant* and *Taxi Smart Code*, which we have not begun to monetize. We will step up our monetization efforts as we enlarge the user base of our other smart taxi services and deepen our collaborations with local taxi companies and associations.
- (6) The average fare per kilometer for taxi online-hailing rides for a given period is calculated by dividing the total GTV of all taxi online-hailing rides facilitated through our platform during that period by the aggregate estimated travel distance of all such taxi online-hailing rides in kilometers.

The number of carpooling rides we facilitated decreased in 2022, primarily due to the regional resurgence of COVID-19 in multiple localities, particularly in the cities where we had major operations, which also led to the decrease in GTV for the same year. The GTV of our carpooling marketplace services increased from 2022 to 2023, along with our business recovery from the adverse impact of the pandemic.

The GTV generated from our taxi online-hailing services and the number of taxi online-hailing rides we facilitated decreased in 2023 compared to 2022, primarily due to (1) the decrease in the number of average monthly active certified taxi drivers on our platform because of shifts in the competitive dynamics of the taxi online-hailing industry and the general decline of the taxi industry resulting from intensified competition from the ride-hailing industry, which negatively affected our service volume; in contrast, our carpooling service was less impacted because of its reliance on private car owners (rather than professional drivers) and its collaborative (rather than commercial) nature; and (2) the gradual cessation of our cooperation with aggregation platforms related to taxi online-hailing services, primarily because these aggregation platforms started focusing on building their own taxi online-hailing business or prioritized dispatching orders to ride-hailing drivers rather than taxi drivers for higher commissions.

SUMMARY

RECENT BUSINESS DEVELOPMENT

The following table sets forth the key operating data for our carpooling marketplace services and taxi online-hailing services for the two months ended February 29, 2024 and the corresponding periods in 2021, 2022 and 2023, respectively.

	For the two months ended February 28 or 29,			
	2021	2022	2023	2024
Carpooling marketplace services				
GTV	RMB1.2 billion	RMB1.1 billion	RMB1.3 billion	RMB1.3 billion
Number of carpooling rides we facilitated	19.2 million	17.0 million	17.6 million	18.4 million
Number of average monthly active certified private car owners	1.5 million	1.4 million	1.5 million	1.6 million
Number of average monthly active carpooling riders	4.4 million	4.4 million	4.3 million	4.6 million
Taxi online-hailing services⁽¹⁾				
GTV	RMB120.0 million	RMB100.1 million	RMB48.1 million	RMB20.9 million
Number of taxi online-hailing rides we facilitated	5.5 million	4.5 million	2.5 million	1.1 million
Number of average monthly active certified taxi drivers	201,000	165,000	114,000	69,000
Number of average monthly active taxi riders	1.4 million	1.0 million	0.6 million	0.3 million

(1) The operating metrics for our taxi online-hailing services exclude data from our other smart taxi services, such as taxi rides we enabled through *Taxi Hailing Assistant* and *Taxi Smart Code*, which we have not begun to monetize.

The number of carpooling rides we facilitated through our carpooling marketplace services increased in the two months ended February 29, 2024 compared to the corresponding periods ended February 28, 2022 and 2023, respectively, along with our business recovery from the adverse impact of the pandemic. The GTV generated from our taxi online-hailing services and the number of taxi online-hailing rides we facilitated decreased in the two months ended February 29, 2024 compared to the corresponding periods ended February 28, 2021, 2022 and 2023, respectively, primarily due to the same reasons for the decrease in 2023 as detailed above. See “—Key Operating Data.”

Established carpooling marketplace and taxi online-hailing platforms with advanced technologies and proven market acceptance are poised to promptly react to evolving demand, maximize user satisfaction and trust, drive industry recovery, and strengthen their market position in

SUMMARY

the post-COVID era. Going forward, we will continue to leverage the network effect of our platform to grow our user base by optimizing our service offerings and improving user experience. For example, to strengthen our market presence and brand influence in the carpooling industry in China, we plan to further increase matching efficiency with operational knowhow and technological advancement. In 2023, we initiated eight new research and development projects primarily relating to AI algorithm design, sales and marketing management, big data technologies, map point of information (“POI”) search and route planning. In addition, we will further enhance our monetization capabilities. For our carpooling marketplace, we intend to further develop advertising and other services, such as automobile value-added services, to capture monetization opportunities along the value chain of China’s mobility market. For our smart taxi services, we intend to step up our monetization efforts nationwide and explore additional types of service charges as we continue to refine our services and products and enlarge our user base. For example, we had entered into strategic cooperation agreements or memoranda for our taxi online-hailing and/or other smart taxi services with local transportation authorities, taxi companies and/or municipal or district taxi associations in 79 cities as of December 31, 2023, compared to 21 cities as of December 31, 2020.

RECENT REGULATORY DEVELOPMENTS

Overseas Listing

On February 17, 2023, the China Securities Regulatory Commission (中國證券監督管理委員會) (the “CSRC”) released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the “Trial Measures”) and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek to offer or list securities overseas (the “Overseas Offering and Listing”), either directly or indirectly, shall fulfill the filing procedure and report relevant information to the CSRC. Specifically, following the principle of substance over form, if an issuer meets both of the following criteria, its overseas offering and listing will be deemed as an indirect Overseas Offering and Listing by a domestic enterprise: (1) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent fiscal year accounts for more than 50% of the corresponding figure in the issuer’s audited consolidated financial statements for the same fiscal year; and (2) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China. The Trial Measures also requires subsequent reports to be submitted to the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings. On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知) (the “Notice”), which, among others, contains certain transition arrangements for existing issuers. For details, see “Regulations—Regulations Relating to Overseas Offering and Listing” and “Risk Factors—Risks Relating to Doing Business in China—We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities, and, if required, we cannot predict whether we will be able to obtain such approval or complete such filing.”

SUMMARY

As advised by our PRC legal advisors, based on the Trial Measures and the Notice, our Directors are of the view that we are required to submit and complete the filing under the Trial Measures prior to the completion of the Listing. Based on the advice of the Joint Sponsors' PRC legal advisors, nothing has come to the attention of the Joint Sponsors, who are not legal experts, to cast doubt on the Directors' view. We submitted the filing report on April 1, 2023, and have completed filing with the CSRC and obtained the notice of filing on February 6, 2024. In addition, after discussion with our PRC legal advisors, our Directors confirmed that we do not fall under any of the circumstances as set forth in Article 8 of the Trial Measures, under which overseas offerings and listing shall be prohibited. We have taken comprehensive measures to ensure our compliance with the relevant laws and regulations and will continue to pay close attention to the implementation of the Trial Measures and legislative and regulatory developments in respect of overseas listing of domestic companies.

Cybersecurity and Data Security

On December 28, 2021, the Cyberspace Administration of China (國家互聯網信息辦公室) (the "CAC"), the NDRC, the MIIT, and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures (網絡安全審查辦法), which became effective on February 15, 2022. On November 14, 2021, the CAC published a draft of the Administrative Regulations for Internet Data Security (網絡數據安全管理條例(徵求意見稿)) (the "Draft Cyber Data Security Regulations"). For details, see "Regulations—Regulations on Cybersecurity, Data Security and Protection of Personal Information." On January 31, 2023, our PRC legal advisors and the PRC legal advisors to the Joint Sponsors conducted a telephonic consultation with the China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心) (the "CCRC"), which is the competent authority according to our PRC legal advisors. The CCRC confirmed that (1) the term of "listing abroad" (國外上市) under the Cybersecurity Review Measures does not apply to listings in Hong Kong, and thus we are not required to proactively submit an application for cybersecurity review for our Listing in Hong Kong; and (2) since the Draft Cyber Data Security Regulations has not become effective or been formally implemented, currently we are not required to apply for cybersecurity review under the Draft Cyber Data Security Regulations.

If the Draft Cyber Data Security Regulations were implemented in its current form, our Directors believe that our business operations and financial performance will not be materially and adversely affected, and there are currently no substantive obstacles for us to fulfill the obligations that may be applicable to us in all material respects, on the basis that:

- (1) as of the Latest Practicable Date, we had not been subject to any material fine or administrative penalty, mandatory rectifications, or other sanctions by any competent authorities in relation to the infringement of cybersecurity and data protection laws and regulations; and there had been no material leakage of data or personal information or violation of cybersecurity and data protection and privacy laws and regulations by us which would have material adverse impact on our business operations;
- (2) we had not been involved in any investigations on cybersecurity review initiated by the CAC nor had we received any inquiry, notice, warning, or sanctions in such respect;
- (3) we had implemented effective cybersecurity and data protection policies, procedures, and measures to ensure secured storage and transmission of data and prevent unauthorized access or use of data; and

SUMMARY

- (4) we continuously followed the legislative and regulatory development in cybersecurity and data protection, maintained ongoing communication with relevant government authorities and implemented all necessary measures in a timely manner to ensure continuous compliance with the relevant laws and regulations.

Based on the aforesaid and the consultation with the CCRC, our PRC legal advisors advise that there is no material legal impediment for our Company to undertake measures to comply with the Cybersecurity Review Measures, and the Draft Cyber Data Security Regulations should they be adopted in the current form, in all material respects. Having taken into account the view and analysis of our Company and our PRC legal advisors as described above, as well as the due diligence conducted, nothing has come to the attention of the Joint Sponsors which would cause them to disagree with the reasonableness of our Directors' view that (1) we are able to comply with the Cybersecurity Review Measures and the Draft Cyber Data Security Regulations (if implemented in its current form) in all material aspects; and (2) the Cybersecurity Review Measures and the Draft Cyber Data Security Regulations (if implemented in its current form) would not have a material adverse impact on our business, results of operations, financial condition or the Global Offering.

In addition, on July 7, 2022, the CAC promulgated the Data Outbound Transfer Security Assessment Measures (數據出境安全評估辦法) (the "Security Assessment Measures"), which took effect on September 1, 2022. See "Regulations—Regulations on Cybersecurity, Data Security and Protection of Personal Information." During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any cross-border data transfer during our daily operations. We do not expect the Security Assessment Measures to have material impact on our daily operations in respect of the outbound data transfer.

We will closely monitor the legislative progress of the further regulatory developments regarding cybersecurity and data privacy laws, including the development on cybersecurity review and seek guidance from relevant regulatory authorities in a timely manner to ensure the appropriate measures taken by us.

We are committed to protecting our users' personal information and privacy. We have implemented a variety of protocols and procedures to ensure our ongoing compliance with the applicable regulations related to cybersecurity, information security, privacy and data security. For details, see "Business—Data Privacy and Security."

Anti-monopoly

On February 7, 2021, the Anti-monopoly Commission of the State Council issued the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (關於平台經濟領域的反壟斷指南) which specifies that certain activities of internet platforms may be identified as monopolistic and that concentrations of undertakings involving variable interest entities are subject to anti-monopoly scrutiny. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress of China, as lastly amended on June 24, 2022 and effective from August 1, 2022 (the "Revised Anti-monopoly Law"), requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the relevant anti-monopoly

SUMMARY

authority before they can be completed. It also requires business operators not to abuse data, algorithms, technology, capital advantages and platform rules to exclude or limit competition. On the basis that (1) during the Track Record Period and up to the Latest Practicable Date, we had not resorted to any monopolistic behavior in our business operations, and had not entered into any monopolistic agreement; (2) we had not been subject to any penalties, regulatory actions, or investigations in connection with anti-monopoly activities, our PRC legal advisors are of the view that the Revised Anti-Monopoly Law will not have any material adverse effect on us. However, these laws and guidelines may limit our ability to pursue growth through acquisitions in the PRC. See “Risk Factors—Risks Relating to Doing Business in China—The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.”

Based on currently known circumstances, our Directors believe that we will not incur material additional costs or be required to materially alter our business operations as a result of the above changes in laws and regulations in relation to anti-monopoly. Based on the foregoing, our Directors are of the view that the above changes will not have a material adverse effect on our business and operations. Having taken into account the factors above and the view of the Directors and the PRC legal advisors, nothing has come to the attention of the Joint Sponsors and their PRC legal advisors that would cause them to disagree with the reasonableness of the above-mentioned view of our Directors.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that, up to the date of this prospectus, there had been no material adverse change in our financial, operating or trading conditions since December 31, 2023, being the end of the period reported in the Accountants’ Report in Appendix I to this prospectus.

STATISTICS OF THE GLOBAL OFFERING

All statistics in the following table are based on the assumptions that (1) the Global Offering has been completed and 39,091,000 Shares are issued or sold pursuant to the Global Offering, (2) options granted under the Over-allotment Option are not exercised, and (3) no Shares may be issued under the Share Incentive Schemes.

	Based on an Offer Price of HK\$5.00 per Share	Based on an Offer Price of HK\$7.00 per Share
	<hr/>	<hr/>
Market capitalization of our Shares ⁽¹⁾	HK\$4,969.9 million	HK\$6,957.9 million
Unaudited pro forma adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company per Share ⁽²⁾	HK\$(9.58)	HK\$(9.39)

SUMMARY

- (1) The calculation of market capitalization is based on 993,979,853 Shares expected to be issued and outstanding following the completion of the Global Offering. The 993,979,853 Shares used in deriving the market capitalization includes 364,012,403 Shares as used in Appendix II to this prospectus, 618,319,313 Preferred Shares that are expected to be converted into Ordinary Shares upon completion of the Global Offering and 11,648,137 Shares held by Firefiles Limited which are considered as treasury shares in Appendix II to this prospectus and not counted as ordinary shares.
- (2) The unaudited pro forma adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company per Share is calculated after making the adjustments on the basis that 364,012,403 Shares are issued and outstanding immediately upon completion of the Global Offering (without taking into account of any Shares which may be allotted and issued upon exercise of the Over-allotment Option), which is assumed to be on December 31, 2023 for the purpose of the pro forma financial information, excluding 11,648,137 Shares held by us as treasury stock as of December 31, 2023, which are reserved for grant of options or restricted shares under Pre-IPO Share Incentive Schemes, as well as the automatic conversion of Preferred Shares into the Ordinary Shares upon the completion of the Global Offering. The unaudited pro forma adjusted consolidated net tangible assets less liabilities of our Group attributable to owners of our Company per Share is converted from RMB into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.9106.

As of December 31, 2023, the carrying amount of our Preferred Shares of RMB4,256.2 million was recognized as financial liabilities. The Preferred Shares shall automatically be converted without payment of any additional consideration into Ordinary Shares upon the closing of a qualified initial public offering. See Note 25 to the Accountants' Report in Appendix I to this prospectus.

Assuming then conversion took place on December 31, 2023 on a one-to-one basis, the unaudited pro forma adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company would have increased from approximately RMB(3,173.1) million to approximately RMB1,083.1 million based on the Offer Price of HK\$5.00 per Share, or from approximately RMB(3,112.6) million to approximately RMB1,143.6 million based on the Offer Price of HK\$7.00 per Share. The unaudited pro forma adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company per Share would have increased to RMB1.10 (HK\$1.21) and RMB1.16 (HK\$1.27) based on the Offer Price of HK\$5.00 and HK\$7.00 per Share, respectively.

LISTING EXPENSES

We expect to incur a total of approximately RMB79.58 million (HK\$87.39 million) of listing expenses in connection with the Global Offering, representing approximately 37.3% of the gross proceeds from the Global Offering (assuming an Offer Price of HK\$6.00, being the mid-point of the indicative Offer Price range between HK\$5.00 and HK\$7.00, and assuming that the Over-allotment Option is not exercised), including (1) underwriting-related fees and expenses of approximately RMB26.88 million (HK\$29.52 million), and (2) non-underwriting related expenses of approximately RMB52.70 million (HK\$57.87 million), which consist of (i) fees and expenses of legal advisors and accountants of approximately RMB31.43 million (HK\$34.52 million), and (ii) other fees and expenses of approximately RMB21.27 million (HK\$23.35 million). As of December 31, 2023, out of the expected listing expenses, we incurred approximately RMB37.34 million, out of which approximately RMB32.50 million was charged to our consolidated statements of profit or loss, while the remaining amount of approximately RMB4.84 million directly attributable to the issuance of Shares will be deducted from equity upon the completion of the Global Offering. We expect to further incur listing expenses of approximately RMB42.24 million upon the completion of the Global Offering, out of which approximately RMB20.20 million is expected to be charged to our consolidated statements of profit or loss, and approximately RMB22.04 million is expected to be deducted from equity. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

SUMMARY

USE OF PROCEEDS

Assuming an Offer Price of HK\$6.00 per Share, being the mid-point of the indicative range of the Offer Price of HK\$5.00 to HK\$7.00 per Share, we estimate that the net proceeds from the Global Offering will be approximately HK\$147.2 million (after deducting the estimated underwriting commissions and other fees and expenses paid by us during the Track Record Period and payable by us subsequent to December 31, 2023 in connection with the Global Offering), assuming that the Over-allotment Option is not exercised. We currently intend to apply the net proceeds from the Global Offering for the purposes and in the amounts set out follows:

- approximately 50.0%, or HK\$73.6 million, for enlarging our user base and strengthening our marketing and promotion initiatives;
- approximately 35.0%, or HK\$51.5 million, for advancing our technological capabilities and upgrading our safety mechanism; and
- approximately 15.0%, or HK\$22.1 million, for enhancing monetization capabilities.

See “Future Plans and Use of Proceeds—Use of Proceeds.”

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this prospectus. Certain other terms are explained in the section headed “Glossary” in this prospectus.

“5brothers Limited”	a company incorporated in the BVI with limited liability on July 10, 2014, which is indirectly owned by our Co-Founders through the Principal BVI Holdcos and is a member of the group of our Controlling Shareholders
“Accountants’ Report”	the accountants’ report from the Reporting Accountants, the text of which is set out in Appendix I to this prospectus
“affiliate”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“Amazing Journey Limited”	a company incorporated under the laws of Hong Kong with limited liability on July 23, 2014, and one of our wholly-owned subsidiaries
“Amber Cultural Limited”	a company incorporated under the laws of the BVI which is wholly owned by Mr. DUAN Jianbo (段劍波) and a member of the group of our Controlling Shareholders
“Articles of Association” or “Articles”	our seventh amended and restated articles of association, as adopted on June 13, 2024 with effect from the Listing, and as amended from time to time, a summary of which is contained in Appendix III to this prospectus
“Audit Committee”	the audit committee of the Board
“Beijing Changxing”	Beijing Changxing Information Technology Co., Ltd. (北京暢行信息技術有限公司), a limited liability company incorporated under the laws of the PRC on August 21, 2014 and one of our Consolidated Affiliated Entities
“Beijing Dida”	Beijing Dida Technology Co., Ltd. (北京抵達科技有限公司), a limited liability company incorporated under the laws of the PRC on March 31, 2022 and a wholly-owned subsidiary of Beijing Changxing

DEFINITIONS

“Board” or “Board of Directors”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Cayman Companies Act”	the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented, or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China” or “the PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
“Co-Founders”	Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun who co-founded our Company
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company,” “our Company,” “Dida,” “Group,” “our Group,” “we” or “us”	Dida Inc., formerly known as Bright Journey Limited, an exempted company incorporated under the laws of Cayman Islands with limited liability on July 11, 2014, and, except where the context indicated otherwise, all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Beijing Changxing and Beijing Dida
“Contractual Arrangements”	a series of contractual arrangements we entered into to allow our Company to exercise control over the business operation of the Consolidated Affiliated Entities and enjoy all the economic interest derived therefrom, as more particularly described in the section headed “Contractual Arrangements” in this prospectus

DEFINITIONS

“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to 5brothers Limited, our Co-Founders and their respective Principal BVI Holdcos, being the members substituting the group of our Controlling Shareholders
“Designated Bank”	the designated bank account maintained by each HKSCC Participant in its own name and denominated in Hong Kong dollars for the settlement of money obligations in CCASS, as required under the General Rules of HKSCC
“Director(s)”	the director(s) of our Company or any one of them
“ESOP Nominee”	Firefiles Limited, a company incorporated under the laws of the BVI on June 23, 2020 and wholly owned by the ESOP Trustee
“ESOP Trustee”	Kastle Limited, a company incorporated under the laws of Hong Kong on December 7, 2016
“Exchange Participant(s)”	a person: (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“FINI”	Fast Interface for New Issuance, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“F&S Report”	a commissioned report from Frost & Sullivan
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant of our Company

DEFINITIONS

“GDP Holding Limited”	a limited liability company incorporated under the laws of the BVI which is wholly owned by Mr. SONG and is a member of the group of our Controlling Shareholders
“General Rules of HKSCC”	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Golden Bay Limited”	a limited liability company incorporated under the laws of BVI which is wholly owned by Mr. LI Jinlong (李金龍) and is a member of the group of our Controlling Shareholders
“ HK eIPO White Form ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the IPO App or the designated website at www.hkeipo.hk
“ HK eIPO White Form Service Provider ”	the HK eIPO White Form service provider designated by our Company as specified in the IPO App or on the designated website at www.hkeipo.hk
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“ HKSCC EIPO channel”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is an HKSCC Participant to submit electronic application instructions via FINI to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force

DEFINITIONS

“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 3,909,500 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting—Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated June 19, 2024, relating to the Hong Kong Public Offering and entered into by, among others, the Joint Sponsors, the Overall Coordinators, the Hong Kong Underwriters, the Controlling Shareholders and our Company, as further described in “Underwriting—Underwriting Arrangements and Expenses—The Hong Kong Public Offering” in this prospectus
“IFRSs”	International Financial Reporting Standards
“independent third party”	a party, who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, which is not a connected person (as defined in the Listing Rules) of our Company
“International Offer Shares”	the 35,181,500 Shares being offered for subscription at the Offer Price in the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to any adjustment or reallocation
“International Offering”	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, as further described in “Structure of the Global Offering”

DEFINITIONS

“International Underwriters”	the group of underwriters that are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, the Joint Sponsors, the Overall Coordinators, the International Underwriters, our Company and our Controlling Shareholders, as further described in “Underwriting—Underwriting Arrangements and Expenses—The International Offering” in this prospectus
“ IPO App ”	the mobile application for the HK eIPO White Form service which can be downloaded by searching “ IPO App ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp
“Joint Global Coordinators”, “Joint Bookrunners” or “Joint Lead Managers”	the joint global coordinators, the joint bookrunners and the joint lead managers as named in “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Sponsors”	China International Capital Corporation Hong Kong Securities Limited, Haitong International Capital Limited and Nomura International (Hong Kong) Limited
“Latest Practicable Date”	June 11, 2024, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about Friday, June 28, 2024 on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
“Listing Guide”	the Guide for New Listing Applicants published by the Stock Exchange, effective from January 1, 2024

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Memorandum” or “Memorandum of Association”	our seventh memorandum of association, conditionally approved and adopted on June 13, 2024 and to become effective on the Listing Date, as amended, supplemented or otherwise modified from time to time
“More&More Limited”	a limited liability company incorporated under the laws of the BVI which is wholly owned by Mr. LI Yuejun (李躍軍) and is a member of the group of our Controlling Shareholders
“MOT”	the Ministry of Transport of the People’s Republic of China
“Mr. SONG”	Mr. SONG Zhongjie (宋中傑), our founder, chairman of the Board, executive Director, chief executive officer and a member of the group of our Controlling Shareholders
“New Share(s)”	the Share(s) to be offered for subscription by the Company under the Global Offering
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) of not more than HK\$7.00 and expected to be not less than HK\$5.00, at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in “Structure of the Global Offering—Pricing of the Global Offering” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“Ordinary Shares” or “Shares”	ordinary shares in the share capital of our Company with a par value of US\$0.0001 each
“Overall Coordinators” or “Sponsor-Overall Coordinators”	China International Capital Corporation Hong Kong Securities Limited, Haitong International Securities Company Limited and Nomura International (Hong Kong) Limited

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Overall Coordinators (for itself and on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 5,863,500 Shares (representing approximately 15% of the Offer Shares initially offered) at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, the details of which are described in the section headed “Underwriting” in this prospectus
“Post-IPO RSU Scheme”	the Post-IPO RSU scheme adopted by our Company on March 31, 2023, the principal terms of which are set out in the section headed “Statutory and General Information—D. Share Incentive Schemes—2. Post-IPO RSU Scheme” in Appendix IV
“Pre-IPO Investments”	the pre-IPO investments in our Company undertaken by the Pre-IPO Investors, details of which are set out in the section headed “History and Corporate Structure—Pre-IPO Investments”
“Pre-IPO Investor(s)”	holders of the Series A-1 Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D-1 Preferred Shares and Series E-1 Preferred Shares of our Company
“Pre-IPO Restricted Share Scheme”	the Pre-IPO restricted share scheme adopted by our Company, as amended, the principal terms of which are set out in the section headed “Statutory and General Information—D. Share Incentive Schemes—1. (1). Pre-IPO Restricted Share Scheme” in Appendix IV
“Pre-IPO Share Incentive Schemes”	the Pre-IPO Restricted Share Scheme and the Pre-IPO Share Option Scheme
“Pre-IPO Share Option Scheme”	the Pre-IPO share option scheme adopted by our Company, as amended, the principal terms of which are set out in the section headed “Statutory and General Information—D. Share Incentive Schemes—1. (2). Pre-IPO Share Option Scheme” in Appendix IV
“Preferred Share(s)”	Series A-1 Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D-1 Preferred Shares and Series E-1 Preferred Shares we issued during the series financings

DEFINITIONS

“Price Determination Date”	the date, expected to be on or about Wednesday, June 26, 2024 (Hong Kong time), when the Offer Price is determined and, in any event, no later than 12:00 noon on Wednesday, June 26, 2024
“Principal BVI Holdco(s)”	GDP Holding Limited, Golden Bay Limited, Sweet Creation Limited, Amber Cultural Limited and More&More Limited, our Co-Founders’ holding companies incorporated under the laws of the BVI
“Proxy Investor(s)”	IDG China Venture Capital Fund IV, L.P., IDG China IV Investors L.P., Eastnor Castle Limited, Bitauto Hong Kong Limited, NBNW Investment Limited, Leap Profit Investment Limited, Smart Canvas Investment Limited and Star Celestial Holdings Limited
“Registered Shareholder(s)”	the registered shareholder(s) of Beijing Changxing, being Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun
“Regulation S”	Regulation S under the U.S. Securities Act
“related parties”	has the meaning as set out in the paragraph headed “Related Party Disclosures” under Note 36 to the Accountants’ Report set out in Appendix I to this prospectus
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share units granted pursuant to the Post-IPO RSU Scheme
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share Incentive Schemes”	the Post-IPO RSU Scheme and the Pre-IPO Share Incentive Schemes
“Shareholder(s)”	holder(s) of Shares

DEFINITIONS

“Stabilizing Manager”	China International Capital Corporation Hong Kong Securities Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sweet Creation Limited”	a limited liability company incorporated under the laws of the BVI which is wholly owned by Mr. ZHU Min (朱敏) and is a member of the group of our Controlling Shareholders
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period consisting of the three years ended December 31, 2023
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“U.S.” or “United States”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$” or “US dollar”	United States dollars, the lawful currency of the United States
“VAT”	the PRC value-added tax
“VATS License(s)”	the ICP License and/or the IDC License, depending on the relevant context
“Voting Proxy Deed(s)”	voting proxy deed(s) (as amended) entered into by each of the Proxy Investors with 5brothers Limited, a member of the group of our Controlling Shareholders, the principal terms of which are set out in the section headed “History and Corporate Structure—Our Company and Major Shareholding Changes—Voting Proxies”

GLOSSARY

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

“active certified private car owners”	active certified private car owners as of a given period end refer to the number of certified private car owners who completed at least one carpooling ride facilitated through our platform in that period
“adjusted net profit margin (non-IFRS measure)”	calculated by dividing the adjusted net profit (non-IFRS measure) of a given year/period by the revenue of the respective year/period and multiplied by 100.0%
“app” or “mobile app”	application software designed to run on smartphones and other mobile devices
“artificial intelligence”	intelligence demonstrated by machines, in contrast to the natural intelligence displayed by humans and other animals
“big-data analytics”	the use of advanced analytic techniques against very large and diverse data sets, which greatly exceed the capabilities of traditional database software tools in terms of data collection and analysis, to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information that can help organizations make more informed business decisions
“CAGR”	compound annual growth rate
“carpool” or “carpooling”	collaborative use of a private car by several individuals traveling along the same or similar itinerary at mutually compatible times
“certified private car owners”	registered private car owners who are allowed to provide carpooling rides through our platform after completing our verification process
“certified taxi drivers”	taxi drivers who are allowed to take taxi orders through our platform after completing our verification process

GLOSSARY

“cloud” or “cloud computing”	a model enabling ubiquitous, convenient, and on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, data storage, computing power, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction
“completion rate”	a rate measuring the chance of orders to be completed. The calculation of the completion rate is based on the number of orders completed divided by the total number of requests paid by riders and accepted by private car owners or taxi drivers on a platform in a day
“Consultations”	the on-site consultations conducted from December 2022 to February 2023 with the representatives of municipal transportation authorities in the 46 Major Cities in respect of the regulatory compliance of our business and local regulations relating to carpooling marketplace services
“CPM”	cost per mille, a commonly used pricing model in programmatic advertising, where advertisers pay a fixed cost for every thousand impressions of their advertisement
“GPS”	global positioning system is a navigation system using satellite signals to determine the ground position of an object
“GTV”	total value of rides in the form of ride fare paid by riders, without adjustment of applicable incentives, taxes, tolls or fees
“hardware”	physical elements that constitute a computer system, such as central processing unit, monitor, mouse, keyboard and hard disk
“Major City” or “Major Cities”	the 46 cities (each a “Major City” and collectively, “Major Cities”) comprising (1) substantially all the cities that each contributed over 0.5% (including all the cities that each contributed over 1.0%) of the total GTV of our carpooling marketplace services in at least one reporting period from 2020 and throughout the Track Record Period, and (2) all the cities where we received administrative penalties in 2020 and 2021
“monthly active carpooling riders”	number of carpooling riders who completed at least one carpooling ride facilitated through our platform during a given month

GLOSSARY

“monthly active certified private car owners”	number of certified private car owners who completed at least one carpooling ride facilitated through our platform during a given month
“Non-use Revocation”	the revocation of a registered trademark that has not been used for three consecutive years without proper reason according to the PRC Trademark Law
“point of information” or “POI”	a specific point location where users of a mobile app may find useful or interesting, and is defined mainly by its geographical coordinates of longitude and latitude when presented on a map
“private car owners”	individuals who post their itineraries on our marketplace and pick up carpooling riders along the way with their privately-owned vehicles. A private car owner could also be counted as a rider on our platform if he or she takes a carpooling ride
“programmatic advertising”	a method of advertisement using automated technology and algorithmic tools to buy and sell online advertising display space
“public transportation”	a system of transport, in contrast to private transport, for passengers by group travel systems available for use by the general public, which are typically managed on a schedule, operated on established routes, and charge a posted fee for each trip. For the avoidance of doubt and for the purpose of this prospectus, public transportation does not include the traditional taxi industry
“response rate”	a rate measuring the chance of requests from riders being accepted by private car owners or taxi drivers. The calculation of the response rate is based on the number of requests accepted by private car owners or taxi drivers divided by the total number of requests made by riders on a platform in a day
“ride”	a completed carpooling, taxi or ride-hailing trip generated through various or specific mobility modes
“server”	a computer system that provides services to other computing systems over a computer network

GLOSSARY

“service fee rate” and “net service fee rate”	service fee rate is calculated as a percentage of the revenue generated from the service fee charged by us over the corresponding ride fare paid by carpooling or taxi riders in a given period; net service fee rate is calculated as a percentage of the revenue generated from the service fee we charged, excluding the value-added tax at the rate of 6%, the subsidies and user incentives we incurred as cost of services or selling and marketing expenses for carpooling marketplace service business or taxi online-hailing service business, over the corresponding ride fare paid by carpooling or taxi riders in a given period
“software”	any set of machine-readable instructions that directs a computer’s processor to perform specific operations
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into between 5brothers Limited and the Stabilizing Manager pursuant to which the Stabilizing Manager may request 5brothers Limited to make available to the Stabilizing Manager on a temporary basis of up to 5,863,500 Shares to, among other things, cover the over-allocations in the International Offering
“Supplementary Consultations”	the telephonic and on-site consultations we conducted from February 2024 to March 2024 with the representatives of municipal transportation authorities in a total of 14 Major Cities in respect of the regulatory compliance of our business and local regulations relating to carpooling marketplace services
“taxi industry” or “traditional taxi industry”	a type of for-hire vehicles services that is traditionally operated offline and, for the avoidance of doubt, excludes online for-hire vehicle services, such as online ride-hailing services
“tier-one cities”	tier-one cities in China refer to Beijing, Shanghai, Guangzhou and Shenzhen
“unique carpooling riders”	deduplicated number of carpooling riders counted based on each rider’s unique user identifier on our platform
“users”	include riders, private car owners and taxi drivers that utilize the services provided through our platform

FORWARD-LOOKING STATEMENTS

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

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

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

- our business prospects;
- our business strategies and plans to achieve these strategies;
- future developments, trends and conditions in and competitive environment for the industries and markets in which we operate;
- general economic, political and business conditions in the markets where we operate;
- our financial condition and performance;
- our capital expenditure plans;
- changes to the regulatory environment, policies, operating conditions of and general outlook in the industries and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- the amount and nature of, and potential for, future development of our business;

FORWARD-LOOKING STATEMENTS

- the actions of and developments affecting our competitors;
- the development of the COVID-19 pandemic and its impact on our business and industry; and
- certain statement in the sections headed “Risk Factors,” “Industry Overview,” “Regulations,” “Business,” “Financial Information,” “Relationship with Our Controlling Shareholders” and “Future Plans and Use of Proceeds” with respect to trends in interest rates, foreign exchange rates, prices, operations, margins, risk management and overall market trends.

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

RISK FACTORS

Potential investors should consider carefully all the information set out in this prospectus and, in particular, should evaluate the following risks associated with the investment in our Shares. You should pay particular attention to the fact that we are an exempted company incorporated in the Cayman Islands and that we conduct our operations in China, the legal and regulatory environment of which in some respects may differ from that of other countries. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or the trading price of our Shares, and could cause you to lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our limited operating history and evolving business make it difficult to evaluate our prospects and the risks and challenges we may encounter.

We have a relatively short operating history and have continued to expand our business since our inception. We began our carpooling marketplace since 2014 and expanded our platform to connect riders with taxi drivers through our smart taxi services since 2017. We launched a cloud-based taxi management platform for taxi companies and associations in 2018 and launched *Taxi Smart Code* and *Taxi Hailing Assistant* in 2019 to further develop our smart taxi services. Our business may continue to evolve. As our addressable markets are rapidly evolving, and our business model has not been fully proven given our limited operating history, we may modify our business model and operations. We may launch new solution offerings or discontinue any existing ones for strategic purposes. Any of such modifications or changes may have a material adverse effect on our business, financial condition, results of operations and prospects.

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

- accurately forecast our revenue and budget for our expenses;
- enlarge our user base in a cost-effective manner;
- comply with existing and new laws and regulations applicable to our business;
- plan for and manage capital expenditures for our current and future product and service offerings;
- anticipate and respond to macroeconomic and industrial changes;
- maintain and enhance the value of our reputation and brand;
- effectively manage our growth;
- increase our market share in existing industries and expand into new industries;

RISK FACTORS

- successfully expand our geographic reach;
- hire, integrate and retain talented people at all levels of our Company;
- ensure that users on our platform will fully comply with our policies and standards;
- successfully develop new platform features, offerings and services to enhance the experience of our users;
- anticipate and adapt to evolving market conditions, including technological developments and changes in the competitive landscape; and
- effectively deal with outbreak of health pandemics, natural disasters and other calamities.

If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this “Risk Factors” section, our business, results of operations and financial condition could be materially and adversely affected. In addition, because we have limited historical financial data and operate in rapidly evolving markets, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or changed, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, results of operations and financial condition could be adversely affected.

The carpooling market is still at a nascent stage in China. If the market does not continue to grow, grows slower than we expect or fails to grow as large as we expect, our business, results of operations, financial condition and prospects could be materially and adversely affected.

China’s carpooling market is still relatively new, characterized by historically slow growth and low penetration rates, and it is uncertain to what extent market acceptance and demand of carpooling will continue to grow, if at all. Particularly, as carpooling is not an on-demand commercial mobility service and mandates a high similarity level of travel itineraries, potential carpooling riders may not always get matched in a timely manner, or at all. As such, the market size of carpooling may not be comparable to that of other segments of the car-based passenger transportation market. According to the F&S Report, China’s car-based passenger transportation market consists of taxi, ride-hailing and carpooling, each having a market share of 54.2%, 41.4% and 4.4% in terms of GTV in 2023, respectively. Our success will largely depend on the public acceptance of carpooling and our services. If the general public do not perceive carpooling as beneficial, or choose to shy away from it due to safety concerns, whether as a result of safety incidents associated with our or our competitors’ services or otherwise, the carpooling market may stagnate, may develop more slowly than we expect or may not achieve the growth potential we expect, any of which could materially and adversely affect our business, results of operations and financial condition.

RISK FACTORS

In addition, China's carpooling market may face challenges brought by, among others, alternative mobility options, relevant regulatory requirements and restrictions, and safety and privacy concerns, many of which are beyond our control. As a result, we cannot assure you that China's carpooling market will not experience decline and retrogression. In addition, we cannot assure you that our carpooling marketplace will continue to result in commercial success in the rapidly evolving industry. For example, relevant laws and regulations may rapidly evolve, which may significantly increase the compliance costs associated with our business operations. Any of the foregoing risks and challenges could materially and adversely affect our business, results of operations, financial condition and prospects.

If our safety mechanism fails to ensure user safety while using our platform, or if we fail to address the safety concerns related to carpooling and our services, our business, results of operations and financial condition could be materially and adversely affected.

Our ability to ensure user safety while delivering our services, as well as the public perception of the safety level on our platform, is critical to our ability to attract and retain users.

Safety incidents associated with our or our competitors' services or otherwise may attract public attention, harm our reputation, invite government scrutiny, and lead to demands for restrictions to be placed on our business or the carpooling industry more generally. For example, in 2018, certain vicious criminal incidents happened on a major mobility platform in connection with its carpooling services, and as a result, this player was required to temporarily suspend its carpooling services by regulators, accompanied by heightened safety concerns for carpooling among the general public, controversy over the business model and regulatory supervision of carpooling activities. Among other things, the General Office of the MOT and the General Office of the Ministry of Public Security of the PRC (中華人民共和國公安部) (the "MPS") jointly promulgated the Emergency Notice on Further Strengthening the Safety Management of Online Reservation of Taxis and Carpooling of Private Vehicles (關於進一步加強網絡預約出租汽車和私人小客車合乘安全管理的緊急通知) on September 10, 2018, which provides that carpooling platforms shall implement background checks on all private car owners by reference to relevant requirements of taxi driver background check and supervision. Specifically, platforms shall strictly standardize the management of order matching, shall not assign orders to private car owners before completing background checks, and shall apply facial recognition and other technologies to check the consistency between vehicles and private car owners before order matching. Moreover, the MOT, the MPS, the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (the "MIIT"), the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) (the "NDRC"), and six other ministries established a special safety inspection working group (安全專項檢查工作組) to carry out on-site joint safety inspection of major platforms providing online ride-hailing services or carpooling marketplace services, including our platform on September 13, 2018 (the "2018 Inspection"). After the 2018 Inspection, the relevant authorities required us to further enhance our safety measures and improve the emergency response mechanism for our carpooling marketplace without providing specific material recommendations.

RISK FACTORS

We have since then implemented various heightened security measures. We have a comprehensive safety mechanism in place to build up trust among our users and ensure the safety level, including conducting background checks to screen our existing and potential private car owners and taxi drivers and their vehicles to identify those that are not qualified to utilize our platform pursuant to applicable laws and regulations or our internal standards. In addition, we apply facial recognition technologies to verify the identity of the private car owners and taxi drivers before order matching, as well as various safety measures through mobile apps, such as one-button emergency calls, to protect riders during the trips. Furthermore, we have established 24/7 emergency response mechanism to deal with emergency safety issues. See “Business—Our Commitment to Trust and Safety” and “Business—Customer Service.”

We cannot assure you, however, that our safety mechanism will always meet our expectations or the requirements under applicable laws and regulations, and that we will always be able to filter out unqualified private car owners and taxi drivers or timely respond to and deal with emergency matters. We may also fail to effectively control the behaviors of our private car owners and taxi drivers, or cause them to fully comply with our platform policies and standards. See “—Illegal, improper or otherwise inappropriate activities of our users could expose us to liabilities and harm our reputation, business, results of operations and financial condition.” Any negative publicity resulting from any failures, mistakes or omissions of our safety mechanism, including any safety incidents or data security breaches, could materially and adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. We also cannot assure you that there will be no incidents associated with carpooling activities in the future or that the regulators will not impose stricter scrutiny over, or even outright suspend, the operation of carpooling services in the aftermath. Should that happen, the prospects of the carpooling market will be materially and adversely affected and, as a result, we may be required to incur significant operating and compliance costs, or even adjust or suspend our business practices. In the event that we are not able to prevent or mitigate safety concerns, our business, results of operations and financial condition could be materially and adversely affected.

We face intense competition and could lose market share to our competitors, which could materially and adversely affect our business, results of operations and financial condition.

China’s mobility market is intensely competitive and characterized by rapid changes in technology, shifting user preferences, and frequent introductions of new services and offerings. We expect competition to continue, both from current competitors and new entrants in the market that may be well-established and enjoy greater resources or other strategic advantages. If we are unable to anticipate or react to these competitive challenges, our competitive position could weaken, or fail to improve, and we could experience growth stagnation or even a decline in revenue that could materially and adversely affect our business, results of operations and financial condition.

Certain of our competitors have greater financial, technical, marketing, research and development, manufacturing and other resources, greater name recognition, longer operating histories or a larger user base than we do. They may be able to devote greater resources to the development, promotion and sale of offerings and offer lower prices than we do, which could adversely affect our results of operations. Further, they may have greater resources to deploy towards

RISK FACTORS

the research, development and commercialization of new technologies, or they may have other financial, technical or resource advantages. These factors may allow our competitors to derive greater revenue and profits from their existing user bases, enlarge their user base at lower costs, or respond more quickly to new and emerging technologies and trends. Our current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings.

We believe that our ability to compete effectively depends upon many factors both within and beyond our control, including:

- our ability to scale up user base by attracting and retaining riders, private car owners and taxi drivers;
- our ability to provide superior user experience;
- our ability to maintain and improve our safety mechanism;
- the popularity, price, utility, ease of use, performance and reliability of our offerings compared to those of our competitors;
- our reputation and brand strength relative to our competitors;
- our ability to expand cooperation relationships or strategic partnerships with taxi companies and associations, as well as other business partners;
- our ability, and the ability of our competitors, to develop new offerings;
- our ability to maintain business integrity;
- changes mandated by, or that we elect to make to address, evolving legislation and requirements by regulatory authorities;
- our ability to fully comply with relevant laws, regulations, rules, policies and guidelines, as well as address disputes, proceedings, settlements, judgments, injunctions and consent decrees;
- our ability to attract, retain and motivate talented employees;
- our ability to raise additional capital; and
- acquisitions or consolidation within our industry.

In addition, while we primarily compete with other carpooling marketplace service providers, we also face competition from ride-hailing service providers and other market players in China's car-based passenger transportation market. Moreover, the competitive landscape has further evolved

RISK FACTORS

due to the changes in the major players. Specifically, as Company B, who also provides taxi online-hailing and ride-hailing services, officially relaunched its carpooling marketplace services in December 2019 and gained an increased market share from 2020 to 2021, our market share in China's carpooling market was negatively affected. See "Industry Overview—Overview of China's Carpooling Market—Competitive Landscape" for details.

If we are unable to compete successfully, our business, results of operations and financial condition could be materially and adversely affected.

If we are unable to effectively execute our strategy to further expand our smart taxi services, our business growth and prospects may be materially and adversely affected.

We launched our smart taxi services in October 2017 to further expand our smart taxi services through taxi online-hailing services and a range of digital toolkits. Our initiatives, however, may not be appreciated by stakeholders in the market as an upgrade or a supplement to the conventional taxi services, and our offerings may not achieve broad market acceptance, or at all. For example, riders may prefer competitors' platforms to ours for a variety of reasons, including prices, availability of services in different regions, and features of the mobile apps and the online platform. We may also fail to promote our *Taxi Smart Code* and *Taxi Hailing Assistant* nationwide or receive the expected user acceptance for our in-app functions, such as *Intelligent Taxi Roaming*. In addition, although we have entered into cooperation arrangement with many municipal taxi associations and taxi companies, we cannot assure you that we will not be subject to any material modification, termination or cancelation of such cooperation arrangements in the future. They may consider our platform not as beneficial as they expect and may elect to cooperate with other service providers.

Uncertainties associated with the execution of our strategy include relevant regulatory requirements, concerns regarding cybersecurity and privacy, and market standards and policies issued by taxi companies and associations. If we fail to cope with these uncertainties and effectively execute our strategy in the traditional taxi industry, our business growth and prospects may be materially and adversely affected.

We face challenges associated with regulations in the carpooling market. Non-compliance with or changes to the regulations or licensing regimes may materially and adversely affect our business, results of operations and financial condition.

China's carpooling market is still at a nascent stage and is rapidly evolving. The relevant laws and regulations typically apply to ride-hailing services and do not directly address our business model and our carpooling and smart taxi services. On July 26, 2016, the General Office of the State Council promulgated the Guidelines on Deepening Reform and Promoting the Healthy Development of the Taxi Industry (國務院辦公廳關於深化改革推進出租汽車行業健康發展的指導意見), which acknowledges that carpooling has mutual benefits to the participants and distinguishes it from online ride-hailing. Laws and regulations governing ride-hailing services do not apply to carpooling services. For example, the Interim Measures for the Management of Online Ride-Hailing Operation and Service (網絡預約出租汽車經營服務管理暫行辦法) as amended on November 30, 2022, which require ride-hailing service platforms and drivers on those platforms to obtain certain licenses and permits, explicitly exclude carpooling from the prescribed licensing regime.

RISK FACTORS

In addition, local authorities in various localities in China have promulgated rules to regulate and monitor platforms operating carpooling services. See “Regulations—Regulations on Carpooling Services.” As the application, interpretation and implementation of these rules and other relevant laws and regulations are subject to further changes and interpretations, we cannot assure you that we are always deemed in full compliance with these local rules and we have been, and may continue to be, subject to claims, lawsuits, arbitrations, administrative actions, government investigations and other legal and regulatory proceedings. We were occasionally subject to administrative penalties imposed by certain local transportation authorities, purportedly citing the lack of the relevant license based on the licensing regime that applies to online ride-hailing services, primarily because (1) the enforcement personnel may have confused carpooling with online ride-hailing as it is a relatively new mobility mode and, as a result, misunderstood the nature of our business as a carpooling marketplace service provider, and (2) there is a lack of other rules that authorize the enforcement personnel to impose administrative penalties for reasons unrelated to the nature of our business as a carpooling marketplace service provider. In 2020 and 2021, there were 57 accumulative instances of administrative penalties in relation to our carpooling marketplace, 36 of which have been subsequently revoked as of the date of this prospectus. The remaining 21 instances of administrative penalties ranged from RMB5,000 to RMB30,000 each, totaling approximately RMB0.55 million. See “Business—Regulations on Carpooling Services and Administrative Penalties” for details. Based on the nature of our business as a carpooling marketplace service provider, the current licensing regime, and the regulatory assurance obtained from on-site consultations, our PRC legal advisors are of the views (1) that we legally operate our business as a carpooling marketplace operator without being subject to the licensing requirement applicable to ride-hailing service providers, (2) that the abovementioned incidents, individually or in the aggregate, would not constitute material administrative penalties that may result in any material financial loss or cause any rectification or suspension of our operations and would not have a material and adverse effect on our business, results of operations or financial condition, and (3) that such administrative penalties would not affect the nature of our business as a carpooling marketplace service provider or subject us to the licensing requirement applicable to ride-hailing service providers. We cannot assure you, however, that the relevant regulatory authorities would not change their view regarding the current licensing regime or investigate or challenge our operations in the future for any reason, or that new laws and regulations would not be enacted to require licensing for carpooling service providers. If we fail to obtain the relevant approvals, licenses or permits, if and to the extent required, for operating our carpooling marketplace, or if we fail to fully comply with any applicable regulatory requirements, we could be subject to fines, warnings, or even criminal liabilities, and we could also be required to substantially modify the affected portion of our business. In addition, we may incur significant compliance costs due to our efforts to fully comply with laws and regulations in various localities, the provisions and interpretations of which may differ from each other. Any of the foregoing could have a material and adverse effect on our business, results of operations and financial condition.

As the regulatory regime for carpooling services continues to evolve, new laws, regulations and regulatory requirements may be promulgated and implemented from time to time, and the interpretation and application of existing laws, regulations and regulatory requirements are subject to changes. The PRC government may increase the level of regulatory scrutiny on all mobility platforms, including carpooling platforms. Historically, government departments held various meetings for new transportation and logistics platform companies to emphasize public concerns and

RISK FACTORS

regulatory requirements. For example, in May 2021, we were required to attend a meeting with nine other new transportation platform companies, which was held in response to public concerns about the irregularities of (1) certain ride-hailing platforms, such as high commission charge, poor transparency in the fee split mechanism, and arbitrary adjustment of pricing, and (2) certain online logistics platforms, such as information monopoly, malicious low pricing, and rising membership fees. The meeting did not specifically target us in relation to the aforementioned issues, nor were we, as a carpooling marketplace service provider, involved in any of these issues. We did not receive any regulatory actions as a result of attending the meeting. As such, the meeting has had no material adverse impact on our business. We were also required to attend other meetings similar to the one in May 2021. Although such meetings did not involve our business operations and have had no implications on our business and compliance status, the publicity of our attendance may raise public misunderstanding and inaccurate interpretation of our business operations, which could adversely affect our business operations and reputation. Additionally, during the pandemic, the relevant government authorities held a few meetings as a common governmental practice, requiring us to take certain measures to help maintain and improve public health, without imposing any regulatory action or rectification requirement on us. In addition, new laws and regulations may be enacted to the disadvantage of our business. Regulators may also view matters or interpret current laws and regulations differently than they have in the past or in a manner adverse to our business as the regulatory regime for carpooling services continues to evolve. We may fail to adapt to such changes timely and effectively, and we may incur significant compliance costs in this process. Any heightened regulatory scrutiny or action may impose conflicting obligations on us, which could impede our ability to continue our operations and, in turn, materially and adversely affect our business, results of operations and financial condition.

Any occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse effect on our business, results of operations and financial condition.

Our business could be materially and adversely affected by natural disasters and extreme weather conditions, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic, such as contagious respiratory illnesses, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of such a disaster or prolonged outbreak of contagious diseases or other adverse public health developments in China or elsewhere could materially disrupt our business and operations.

For example, the COVID-19 pandemic negatively impacted the carpooling and taxi industries in China, which in turn adversely affected our business, results of operations and financial condition. We experienced a decrease in the total number of carpooling rides in 2022, as compared in 2021, primarily due to the regional resurgence of COVID-19 in multiple localities. For details of the impact of COVID-19 on our business, results of operations and financial condition, see “Summary—COVID-19 Outbreak and Effects on Our Business” and “Financial Information—COVID-19 Outbreak and Effects on Our Business.”

RISK FACTORS

In December 2022, the PRC government at all levels strategically adjusted pandemic prevention policies and significantly lift the restrictive measures aimed at controlling the spread of the COVID-19 virus. In 2023, our business volume has experienced a recovery to the pre-COVID-19 level. For instance, we facilitated approximately 130.3 million carpooling rides in 2023, representing an increase of 38.3% from approximately 94.2 million carpooling rides we facilitated in 2022. In addition, the GTV generated from our carpooling marketplace reached approximately RMB8.6 billion in 2023, representing an increase of 42.5% from the GTV of approximately RMB6.1 billion in 2022. See “Summary—Recent Business Developments.” We are closely monitoring the development of the pandemic and continuously evaluating any potential impact on our business, results of operations and financial condition. However, we cannot estimate with any degree of certainty the full impact of the COVID-19 pandemic on our financial condition and future results of operations. To the extent that future waves of COVID-19 infections disrupt normal business operations and traveling in China, we may face disrupted market demand and operational challenges with our services.

We are also vulnerable to natural disasters and other calamities. We cannot assure you that our technological infrastructure will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services on our platform.

If we fail to cost-effectively attract and retain users, comprising riders, private car owners and taxi drivers, or to increase utilization of our platform by existing users, our business, results of operations and financial condition could be materially and adversely affected.

Our success depends in part on our ability to cost-effectively enlarge our rider pool, retain existing riders and increase their utilization of our platform. Our riders have a wide variety of mobility options, including personal vehicles, rental cars, public transit and online ride-hailing services. Rider preferences may also change from time to time. To expand our rider pool, we must appeal to new riders who have historically used other forms of mobility and educate the market of the benefits of carpooling. Our reputation, brand and ability to build trust with existing and new riders may be materially and adversely affected by complaints and negative publicity about us, our offerings, private car owners or taxi drivers on our platform, or our competitors, even if factually incorrect or based on isolated incidents. Further, if existing and new riders do not perceive our offerings to be reliable, safe and affordable, or if we fail to upgrade features of our platform, we may not be able to attract or retain riders or to increase their utilization of our platform. As we continue to expand into new geographic areas, we will be relying in part on referrals from our existing riders to attract new riders and, therefore, we must take efforts to ensure that our existing riders remain satisfied with our offerings.

Our continued growth also depends in part on our ability to cost-effectively attract and retain qualified private car owners and taxi drivers who satisfy our screening criteria and procedures, and to increase their utilization of our platform. To attract and retain qualified private car owners, we have, among other things, offered sign-up and referral bonuses for private car owners. To attract and

RISK FACTORS

retain qualified taxi drivers, we have, among other things, cooperated with certain municipal taxi associations and taxi companies. However, we may fail to retain and attract qualified private car owners and taxi drivers due to a number of reasons, such as our failure to provide subsidies that are comparable or superior to those of our competitors, and the potential change of private car owners' preferences and behaviors in relation to sharing their vehicles with riders. Other factors beyond of our control, such as increases in the price of gasoline, vehicles or insurance, and the vehicle quantity control of PRC government, may also reduce the number of private car owners and taxi drivers on our platform or their utilization of our platform.

Our failure to continuously attract and retain users and to increase utilization of our platform would impair the network effect of our platform, which would in turn materially and adversely affect our business, results of operations and financial condition.

Our failure to offer satisfactory user experience may harm our relationship with users and materially and adversely affect our business, results of operations and financial condition.

Our ability to attract and retain users depends, in part, on the ease and reliability of our offerings, including our ability to offer satisfactory user experience. For example, our carpooling matches riders with private car owners along similar travel itineraries, leveraging our advanced technologies, and allows a private car owner to pick up multiple unrelated riders per trip upon all parties' consent. Our match algorithm attempts to match a rider with other riders with similar travel itineraries, if they indicate that they may travel with co-riders while requesting a carpooling trip. In each instance, our algorithms review and consider several variables, including location, distance, time, traffic and other real-world factors such as weather or local events. However, if our matching algorithm fails to match carpooling riders and private car owners or co-riders accurately and efficiently, we will impair their user experience with longer wait time or significant detours.

In addition, users on our platform rely on our support team to resolve any issues relating to our offerings, such as being overcharged for a ride, leaving something in a driver's vehicle or reporting a safety incident. We have in-house and outsourced customer service staff responsible for dealing with emergency safety issues. They can be reached 24 hours a day and seven days a week to assist our users who encountered any perceived physical threat during a ride, including, among others, abuse, assault, false imprisonment and sexual harassment. However, we cannot assure you that such emergency help performed by our customer service staff will be effective and our users may experience economic loss or physical injury during safety incidents.

As we continue to grow our business and improve our offerings, we will face challenges in providing satisfying user experience at scale. Our failure to do so could harm our relationships with users and make our platform become less attractive compared with our competitors, which may materially and adversely affect our ability to attract and retain users. As a result, our business, results of operations and financial condition could be materially and adversely affected.

RISK FACTORS

Illegal, improper or otherwise inappropriate activities of our users could expose us to liabilities and harm our reputation, business, results of operations and financial condition.

Illegal, improper or otherwise inappropriate activities by users while utilizing our platform could expose us to liabilities and materially and adversely affect our reputation, business, results of operations and financial condition. These activities may include abuse, assault, theft, false imprisonment, drug-trafficking, sexual harassment, identity theft, unauthorized use of credit and debit cards or bank accounts, and other misconduct. We may incur losses from various types of fraud by our users. For example, under current credit card practices, we may be liable for rides facilitated on our platform with fraudulent credit card data, even if the associated financial institution approved the credit card transaction. We have taken measures to detect and prevent fraudulent transactions by our users, such as cross-checking a driver's travel path against the proposed itinerary to verify the authenticity of an order.

Furthermore, private car owners and taxi drivers on our platform may be involved in criminal activities, fraud or misconduct, such as speeding, drowsy driving and other traffic violations, operating beyond licensed scope, using our platform as a conduit for criminal or fraudulent activities, last-minute price hiking, significant detours, skipping orders, failing to pick up riders or circumventing our platform to complete the transaction offline and in private, maliciously misappropriating subsidies provided on our platform, attempting to circumvent our background check and verification mechanism with cheating devices, manipulating the preference settings for the similarity level of travel itineraries, or otherwise violating our platform's terms and conditions in ways which we are unable to detect. In that case, we could face negative press coverage or regulatory inquiries, fail to collect accurate transaction information or even incur economic losses, which would adversely affect our brand, reputation and business. For example, we detected users committing cheating behaviors to maliciously misappropriate subsidies and coupons we offered during the Labor Day holiday in 2020. We disqualified them from using such incentives. We have also implemented various measures to prevent order skipping. For example, we monitor the order completion rate for our private car owners and taxi drivers, and those with low credit scores based on riders' feedback or points in the behavior score will be less likely to receive orders on our platform. We will impose a warning if order skipping is identified. If we detect a persistent skipping pattern, we will permanently close their user accounts on our platform. While we have implemented various measures to anticipate, identify and address risks associated with these activities, we may not adequately address or prevent all illegal, improper or otherwise inappropriate activities by our users.

At the same time, if the measures we have taken to guard against these illegal, improper or otherwise inappropriate activities are too restrictive and inadvertently prevent qualified private car owners, riders and taxi drivers otherwise in good standing from using our platform, or if we are unable to implement and communicate these measures fairly and transparently or are perceived to have failed to do so, the growth and retention of our users and their utilization of our platform could be negatively impacted. For example, if we cannot complete background checks of potential private car owners and taxi drivers who apply to utilize our platform on a timely basis, we may not be able to onboard potential private car owners and taxi drivers in time and, as a result, our platform may be less attractive to qualified private car owners and taxi drivers.

RISK FACTORS

Furthermore, any negative publicity related to the foregoing, whether such incident occurred on our platform or on our competitors' platforms, could materially and adversely affect our reputation and brand and more importantly, public perception of the carpooling and taxi industries as a whole, which could negatively affect the demand for platforms like ours, and potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could harm our business, results of operations and financial condition.

We have been involved, and may continue to be involved, in legal and other disputes from time to time arising out of our operations.

We have been, and may continue to be, involved in legal and other disputes arising from our ordinary course of business. We may also be subject to claims, lawsuits, investigations and other legal proceedings relating to injuries to, or deaths of, users on our platform or third parties that are attributed to us through our offerings. In addition, we may be subject to claims alleging that we are directly or vicariously liable for the acts of private car owners and taxi drivers on our platform. We have entered into a platform service agreement with riders, private car owners and taxi drivers on our platform, pursuant to which we have no liability for any claims arising from trips facilitated through our platform or disputes between riders and private car owners and/or taxi drivers. However, we cannot assure you that we will not be named as a co-defendant in lawsuits filed against our users in the future, or that we will not be subject to joint and several or other liabilities resulting from relevant legal proceedings. For example, riders in the past asserted legal claims against us in connection with inappropriate actions of private car owners who utilized our platform to provide rides. See "Business—Litigation" for details.

Such proceedings or claims, regardless of their outcomes, could harm our reputation, divert our management's attention and cause us to incur a substantial amount of legal expenses. In particular, any existing or potential investigations of injuries to, or deaths of, any riders, private car owners or taxi drivers could harm the general public's perception of our offerings. If the outcomes of these legal proceedings are unfavorable to us, we will face significant legal liabilities and suffer financial or reputational damages, which could materially and adversely affect our business, results of operations and financial condition.

We expect that the number of such proceedings and claims, and the corresponding expenses, will continue to increase as our business grows and we face increasing public scrutiny. Meanwhile, our insurance policies and programs may not provide sufficient coverage to adequately mitigate the potential liability we face, and we may have to pay high premiums or deductibles for our coverage and, for certain situations, we may not be able to secure coverage at all. See "—We rely primarily on third-party insurance policies to insure the automobile-related risks relating to our carpooling services. If our insurance coverage is insufficient for the needs of our business or our insurance providers are unable to meet their obligations, we may not be able to mitigate the risks facing our business, which could adversely affect our business, results of operations and financial condition."

RISK FACTORS

Changes to pricing for our carpooling marketplace services could materially and adversely affect our ability to attract or retain riders and qualified private car owners.

Demand for our carpooling marketplace services is sensitive to ride fares, which takes into consideration, among other things, incentives paid to private car owners and our service fees. Our pricing strategies could be affected by a number of factors, including operating costs, legal and regulatory requirements or constraints, our current and future competitors' pricing and marketing strategies, and the perception of ride fares as a non-compensatory sharing of travel cost by private car owners. Some competitors have, or may in the future develop, different pricing mechanisms. Some competitors may use marketing strategies to attract or retain riders and qualified private car owners at lower costs than us. Certain competitors may also attract and retain riders and qualified private car owners with significant subsidies. As such, we may be forced by competition, regulation or other reasons to reduce our service fees, increase incentives we pay to private car owners on our platform, or to increase our marketing and other expenses. Furthermore, our users' price sensitivity may vary by geographic locations, and as we expand, our pricing methodologies may not enable us to compete effectively in these locations. We may launch new pricing strategies and initiatives, or modify existing pricing methodologies, any of which may not ultimately be successful in attracting and retaining riders and qualified private car owners.

Termination or deterioration of our strategic partnerships or cooperation with taxi companies and associations and regulators may adversely affect our business.

We have formed strategic partnerships or cooperation with taxi companies and taxi associations in various cities. We maintain good relationship with regulators through regular communications. In cooperation with governmental research institutions, we assist in designing industry standards for carpooling services, and contribute to promote the digitalization of relevant taxi services. If our strategic partnerships or cooperation with taxi companies and associations and regulators is terminated or curtailed, or if we are no longer able to benefit from the synergies of such strategic partnerships or cooperation, our business, results of operations and financial condition could be adversely affected.

Our marketing efforts to help grow our business may not be effective.

Promoting public awareness of our offerings is important to grow our business and enlarge our user base, and can be costly. We currently conduct our marketing activities through referrals by existing users, coupons for discounted trips, social media, application stores, search engine optimization and keyword search campaigns. We have also introduced a loyalty program to increase user engagement. Our selling and marketing expenses were RMB255.9 million, RMB234.9 million and RMB233.6 million in 2021, 2022 and 2023, respectively, representing 32.8%, 41.3% and 28.7% of our total revenue in the same years, respectively. We, from time to time, provided various forms of subsidies and incentives, such as coupons and cash awards, to acquire users, improve their stickiness to our platform, and increase user activity, especially at an earlier development stage of our business and under special circumstances, such as the COVID-19 outbreak. Driven by the improved acceptance of our platform and the resulting strategic adjustment to our marketing approach, we have increasingly relied on word-of-mouth referrals to promote our platform and generate rides. Our

RISK FACTORS

marketing initiatives may become increasingly costly, and generating a meaningful return on those initiatives may become more difficult. The increase in revenue resulting from our marketing efforts may not offset the additional marketing expenses we incur. We also cannot assure you that our marketing efforts will always be successful in promoting public awareness of our offerings, enlarging our user base and increasing the user engagement level, or that if we are able to cost-effectively manage our marketing expenses. Any of the foregoing risks could materially and adversely affect our business, results of operations and financial condition.

Any significant disruption in service on our platform, malfunctions of our technology systems, errors and quality issues in our software, hardware and systems, or human errors in operating these systems, could materially and adversely affect our business, results of operation and financial condition.

Our business is dependent on the ability of our information technology systems to process massive amounts of information and transactions in a consistently stable and timely manner. Our IT infrastructure in Beijing is hosted by third-party service providers. The satisfactory performance, reliability and availability of our technology and underlying network infrastructure are critical to our operations, service quality, reputation and ability to retain and attract users. We cannot guarantee that access to our platform will be uninterrupted, error-free or secure. Our operations depend on the ability of the host of our system hardware to protect its and our systems in its facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality, temperature, humidity and other environmental concerns, computer viruses or criminal acts. If our arrangement with the current host is terminated, or there is a lapse of service or damage to the host's facilities, we could experience interruptions in our service as well as delays and incur additional expenses in arranging new facilities. In the event of a partial or complete failure of any of our computer systems, our business activities would be materially disrupted. In addition, a prolonged failure of our information technology system could damage our reputation and materially and adversely affect our prospects and profitability.

We have experienced, and may continue to experience, system failures and other events or conditions from time to time that interrupt the availability or reduce or affect the speed or functionality of our offerings. During the Track Record Period, over 149,000 orders on our platform were impacted due to these events. Similar future events could result in further financial losses and adverse impact on the operation of our platform. A prolonged interruption in the availability or reduction in the availability, speed or other functionality of our services could adversely affect our business and reputation and could result in the loss of users. Also, our software, hardware and systems may contain undetected errors, that could have a material adverse impact on our business, particularly where such errors are not timely detected and remedied. In addition, our platform and services use complex software, and may have coding defects or errors that may impair our users' ability to use our platform and services. The models and algorithms that we use for our platform and services may also contain design or performance defects that are not detectable even after extensive internal testing. We cannot assure you that we would be able to detect and resolve all such defects and issues through our quality control measures.

RISK FACTORS

Any errors, defects and disruptions in services, or other performance problems with our platform and services could hurt our reputation, affect user experience or cause economic loss or other types of damage to our users. Software and system errors or human errors could delay or inhibit order dispatching, matching of carpooling users, route calculation, settlement of payments, and reporting of errors, or prevent us from collecting service fees or providing services. Such issues could result in liabilities and losses, which could have a material and adverse effect on our business, results of operations and financial condition. In addition, if we fail to adopt new technologies or adapt our mobile apps, websites and systems to changing user preferences or emerging industry standards, our business and prospects may be materially and adversely affected.

Overall tightening of the labor market or any possible labor unrest may affect our business.

We entered into labor outsourcing agreements with independent labor service providers who designate staff to provide customer services and verification services. We consider that these arrangements afford us a lean and flexible human resources structure, allowing us to focus on our core business and timely respond to industry trends. Under the labor outsourcing agreements, we pay service fees to the labor service providers, who then pay for the salaries, social insurances and housing reserve fund contributions, and other welfare benefits for their designated staff in accordance with relevant PRC laws and regulations.

During the Track Record Period, we did not experience any labor shortage. However, we have observed an overall tightening and increasingly competitive labor market. We have experienced, and expect to continue to experience, increases in labor costs due to increases in salary, social benefits and employee headcount. We compete with other companies in our industry and other labor-intensive industries for labor, and we may not be able to offer competitive remuneration and benefits compared to them. If we are unable to manage and control our labor costs, our business, results of operations and financial condition may be materially and adversely affected.

During the Track Record Period, we were not subject to any material labor disputes initiated by our employees or our outsourced staff. We cannot assure you that we will not be subject to labor disputes and related legal or administrative proceedings in the ordinary course of business in the future. Any labor unrest directed against us could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, lead to decreases in our revenue. We are not able to predict or control any labor unrest. Further, labor unrest may affect general labor market conditions or result in changes to labor laws, which in turn could materially and adversely affect our business, results of operations and financial condition.

If we fail to obtain and maintain the requisite licenses and approvals, or if we are required to take compliance actions that are time-consuming or costly, our business, results of operations and financial condition may be materially and adversely affected.

As advised by our PRC legal advisors, as of the Latest Practicable Date, we had obtained all licenses and permits and made all necessary filings that are essential to the operation of our business, many of which are generally subject to regular government review or renewal. During the Track Record Period, we did not have incidents of material non-compliance with respect to the

RISK FACTORS

aforementioned licenses, permits and filings. However, we cannot assure you that we can successfully update or renew all requisite licenses in a timely manner or that these licenses are sufficient to conduct all of our present or future business. If the relevant authorities determine that our platform has not obtained the requisite licenses or our operations are not in compliance with the relevant regulations, we may be required to suspend our operations, which may cause significant loss of our users and materially and adversely affect our business, results of operations and financial condition. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings, we may be subject to various activities, including the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

We rely primarily on third-party insurance policies to insure the automobile-related risks relating to our carpooling services. If our insurance coverage is insufficient for the needs of our business or our insurance providers are unable to meet their obligations, we may not be able to mitigate the risks facing our business, which could adversely affect our business, results of operations and financial condition.

We have been subject to claims arising primarily from our carpooling marketplace services for automobile-related incidents, including bodily injury, property damage and uninsured and underinsured liability. We procure third-party insurance providers for insurance policies which provides the public liability insurance. We do not hold insurance policy for our smart taxi services.

If we were held liable to these automobile-related claims under court orders and the amounts exceed our applicable aggregate coverage limits, we would bear the excess, in addition to amounts already incurred in connection with deductibles or otherwise paid by our insurance provider. Insurance providers have raised premiums and deductibles for many businesses and may do so in the future. As a result, our insurance and claims expenses could increase, or we may decide to raise our deductibles when our policies are renewed or replaced. In addition, our insurance providers might be subject to regulatory actions from time to time. Our business, results of operations and financial condition could be adversely affected if cost per claim, premiums or the number of claims significantly exceeds our historical experience and coverage limits, we experience a claim in excess of our coverage limits, our insurance providers fail to pay on our insurance claims, we experience a claim for which coverage is not provided, or the number of claims under our deductibles differs from historic averages.

RISK FACTORS

Our business involves collection, storage, processing and transmission of a large amount of data and may be subject to complex and evolving regulations and oversight related to cybersecurity, information security, privacy and data security. If we fail to comply with the relevant laws and regulations, our business, results of operations and financial condition may be adversely affected.

Our business involves the collection, storage, processing and transmission of our users' identification information, transaction information and other sensitive data. We are subject to a variety of laws and regulations regarding cybersecurity, information security, privacy and data security, including restrictions on the collection, storage and use of personal information and requirements to take steps to prevent personal data from being divulged, stolen, or tampered with. See "Regulations—Regulations on Cybersecurity, Data Security and Protection of Personal Information."

The regulatory framework for data privacy protection in China is constantly evolving. For example, on June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (中華人民共和國數據安全法), which took effect on September 1, 2021. The Data Security Law, among other things, requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data security, data processing activities must be conducted based on data classification and hierarchical protection system.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法) effective from November 1, 2021. The Personal Information Protection Law requires, among others, that (1) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (2) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer, and security. Entities processing personal information shall bear responsibilities for their personal information processing activities and adopt necessary measures to safeguard the security of the personal information they process. Otherwise, the entities processing personal information could be ordered to correct, suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties.

On December 28, 2021, the CAC, the NDRC, the MIIT, and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures (網絡安全審查辦法), which became effective on February 15, 2022 and replaced the Measures for Cybersecurity Review published on April 13, 2020. Pursuant to the Cybersecurity Review Measures, the purchase of network products and services by an operator of critical information infrastructure or the data processing activities of a network platform operator that affect or may affect national security will be subject to a cybersecurity review. In addition, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad (國外上市). Our PRC legal advisors have advised us that Hong Kong does not fall within the definition of "abroad" in the provision. Therefore, although we possess more than one million users' personal information, our PRC legal advisors are of the view that the requirement is not applicable to us given that we are

RISK FACTORS

seeking a listing in Hong Kong instead of abroad. Furthermore, as of Latest Practicable Date, we had not been notified by any PRC government authorities of being classified as a critical information infrastructure operator (關鍵信息基礎設施運營者) (“CIIO”). Therefore, we are not required to apply for the cybersecurity review which is applicable for CIIOs that procure internet products and services that affect or may affect national security. However, certain aspects of the Cybersecurity Review Measures remain subject to further clarification and interpretation. In particular, pursuant to the Cybersecurity Review Measures, the relevant government authorities may initiate the cybersecurity review against the relevant operators if the authorities believe that the network products or services or data processing activities of such operators affect or may affect national security.

On November 14, 2021, the CAC published the Draft Cyber Data Security Regulations, which provides that data processors conducting the following activities shall apply for cybersecurity review: (1) merger, reorganization or division of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (2) foreign listing of data processors processing over one million individuals’ personal information; (3) listing in Hong Kong which affects or may affect national security; or (4) other data processing activities that affect or may affect national security. As of the Latest Practicable Date, the Draft Cyber Data Security Regulations have not been enacted or taken effect, and there had been no clarifications from the authorities as of the Latest Practicable Date as to the standards for determining the activities that “affects or may affect national security” and there is no timetable as to when it will be enacted. As advised by our PRC legal advisors, the PRC government authorities may have discretion in the interpretation of what activities “affect or may affect national security.” As of the Latest Practicable Date, (1) we had not been notified of being classified as a CIIO; (2) we had formulated effective cybersecurity and data protection policies, procedures, and measures to ensure secured storage and transmission of data and prevent unauthorized access or use of data, and there had been no material data leakage during our business operations during the Track Record Period and up to the Latest Practicable Date; (3) we had not received any inquiry, notice, warning from any PRC government authorities, and have not been subject to any investigation, sanctions or penalties made by any PRC government authorities regarding national security risks caused by our business operations or the Listing; and (4) the data we collect and generate within the territory of mainland China during our daily operations had been stored within the territory of mainland China. On January 31, 2023, our PRC legal advisors and the PRC legal advisors to the Joint Sponsors conducted a telephonic consultation with the CCRC, which is the competent authority according to our PRC legal advisors. The CCRC confirmed that (1) the term of “listing abroad” (國外上市) under the Cybersecurity Review Measures does not apply to listings in Hong Kong, and thus we are not required to proactively submit an application for cybersecurity review for our Listing in Hong Kong; and (2) since the Draft Cyber Data Security Regulations has not become effective or been formally implemented, currently we are not required to apply for cybersecurity review under the Draft Cyber Data Security Regulations.

RISK FACTORS

If the Draft Cyber Data Security Regulations were implemented in its current form, our Directors believe that our business operations and financial performance will not be materially and adversely affected, and there are currently no substantive obstacles for us to fulfill the obligations that may be applicable to us in all material respects, on the basis that (1) as of the Latest Practicable Date, we had not been subject to any material fine or administrative penalty, mandatory rectifications, or other sanctions by any competent authorities in relation to the infringement of cybersecurity and data protection laws and regulations; and there had been no material leakage of data or personal information or violation of cybersecurity and data protection and privacy laws and regulations by us which would have material adverse impact on our business operations; (2) we had not been involved in any investigations on cybersecurity review initiated by the CAC nor had we received any inquiry, notice, warning, or sanctions in such respect; (3) we had implemented effective cybersecurity and data protection policies, procedures, and measures to ensure secured storage and transmission of data and prevent unauthorized access or use of data; and (4) we continuously followed the legislative and regulatory development in cybersecurity and data protection, maintained ongoing communication with relevant government authorities and implemented all necessary measures in a timely manner to ensure continuous compliance with the relevant laws and regulations. Based on the aforesaid and the consultation with the CCRC, our PRC legal advisors advise that there is no material legal impediment for our Company to undertake measures to comply with the Cybersecurity Review Measures and the Draft Cyber Data Security Regulations should they be adopted in the current form in all material respects. However, our PRC legal advisors have also advised us that, given that (1) the interpretation of activities that “affect or may affect national security” under the current PRC laws and regulations requires further clarification from relevant PRC government authorities, (2) the identification of critical information infrastructure operators and the scope of network products or services and data processing activities that affect or may affect national security are subject to further clarification and interpretation by relevant PRC government authorities, and (3) the PRC government authorities have discretion in interpreting the regulations, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC legal advisors.

In addition, on July 7, 2022, the CAC promulgated the Security Assessment Measures, which took effect on September 1, 2022. The Security Assessment Measures require that any data processor that processes or exports personal information exceeding certain volume threshold under such measures shall apply for security assessment by the CAC before transferring any personal information outbound. The security assessment requirement also applies to any transfer of important data outside of China. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any cross-border data transfer during our daily operations. We do not expect the Security Assessment Measures to have material impact on our daily operations in respect of the outbound data transfer. However, since the Security Assessment Measures was newly promulgated, we cannot assure you that relevant regulatory authorities will take the same view as ours. In the event if the regulatory authorities deem certain of our activities as a cross-border data transfer, we will be subject to the relevant requirements.

Since many of the PRC laws and regulations on cybersecurity and privacy and data privacy are constantly evolving, certain aspects of these regulations remain subject to further clarification and interpretation as to how they will be enforced, as well as their applicability and requirements for our business operations or our presence in China. Although our PRC legal advisors have advised us that

RISK FACTORS

we have complied with all applicable PRC regulations on data privacy and security in all material aspects, and there has been no material investigations, penalties, litigations or legal proceedings against us relating to data privacy and protection during the Track Record Period and up to the Latest Practicable Date, we cannot assure you that the measures we have taken or will take in the future will always be effective or fully satisfy the relevant regulatory requirements. Any failure or perceived failure by us to comply with such laws and regulations may result in regulatory investigations, fines, removal of our app from the relevant application stores and/or other sanctions on us. See “Business—Data Privacy and Security.”

Our security systems and measures may not detect and prevent all unintended leakages caused by employees’ error, misconduct, mistakes or other malfeasance, or any other unauthorized third parties, or fully comply with regulatory requirements. Our information technology and infrastructure may be vulnerable to cyberattacks or security breaches, and third parties may circumvent our security measures, misappropriate proprietary information and cause interruptions in our information technology systems. Unauthorized third parties may also attempt to fraudulently induce our employees, partners, users or others into disclosing user names, passwords, payment card information or other sensitive information, or use increasingly sophisticated methods to engage in illegal activities involving personal information. In addition, users on our platform could have vulnerabilities on their own mobile devices that are entirely unrelated to our systems and platform, but could mistakenly attribute their own vulnerabilities to us. Furthermore, credential stuffing attacks are becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent.

During the Track Record Period, we experienced hacker attacks and technical errors. Although we did not suffer any material losses or negative financial impact on our revenue due to these incidents during the Track Record Period, we cannot assure you that they will not occur in the future. Any actual or perceived security breach that leads to leakage of our confidential information, even though anonymized, could still interrupt our operations, temporarily or permanently disable our platform, result in fraudulent transfer of funds, damage our relationships with users and other business partners, and subject us to legal liabilities, regulatory sanctions, financial exposure and reputational damage, any of which would materially and adversely affect our business, results of operations and financial condition. Any breach of privacy or security impacting any entities with which we share or disclose data could have similar effects. Moreover, any cyberattacks or security and privacy breaches directed at our competitors could reduce confidence in the carpooling and taxi industries in general and, as a result, reduce confidence in our platform.

Additionally, defending against claims or litigation based on any security breach or incident, regardless of their merit, could be costly and divert management’s attention. We cannot assure you that our insurance coverage will be adequate for data handling or data security liabilities incurred, that insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our reputation, brand, business, results of operations and financial condition.

RISK FACTORS

If we fail to adequately address privacy concerns, even if unfounded, or to comply with applicable privacy or data protection laws, regulations and privacy standards, or if we are challenged by competent regulators, we may be subject to additional costs, liabilities, reputational damage, suspended use of our platform and harm to our business. With the promulgation of new laws and standards concerning data security and information protection in the future, we may incur more expenditure on the upgrading and improvement of our data security mechanisms from both technological and management aspects in order to comply with increasingly stricter requirements. If we fail to comply with these laws and regulations, we may be subject to fines or other penalties, which could materially and adversely affect our business, results of operations and financial condition.

We rely on mobile operating systems, application marketplaces and third-party platforms to make our mobile apps and mini-programs available to the private car owners, riders and taxi drivers on our platform, and if we do not effectively operate with or receive favorable placements within such application marketplaces and maintain high rider reviews, our usage or brand recognition could decline and our business, financial results and results of operations could be adversely affected.

We depend in part on mobile operating systems, such as Android and iOS, and their respective mobile app marketplaces, as well as certain third-party platforms, to make our mobile apps and mini-programs available to the private car owners, riders and taxi drivers on our platform. Any changes in these third parties that degrade the functionality of our apps or give preferential treatment to our competitors' apps could adversely affect the utility of our platform on mobile devices. If such mobile operating systems or mobile app marketplaces limit or prohibit us from making our apps available to private car owners, riders and taxi drivers, make changes that degrade the functionality of our apps, increase the cost of using our apps, impose terms of use unsatisfactory to us or modify their search or ratings algorithms in ways that are detrimental to us, or if our competitors' placement in such mobile operating systems' mobile app marketplace is more prominent than ours, the overall growth in our rider or driver base could slow. Our apps have experienced fluctuations in the number of downloads in the past, and we anticipate similar fluctuations in the future. Any of the foregoing risks could adversely affect our business, results of operations and financial condition.

As new mobile devices and mobile platforms are released, there is no guarantee that certain mobile devices will continue to support our platform or effectively roll out updates to our apps. Additionally, in order to deliver high-quality apps, we need to ensure that our apps are designed to work effectively with a range of mobile technologies, systems, networks and standards. We may not be successful in developing or maintaining relationships with key participants in the mobile industry. If private car owners, riders or taxi drivers on our platform encounter any difficulty accessing or using our apps on their mobile devices or if we are unable to adapt to changes in popular mobile operating systems, our business, results of operations and financial condition could be adversely affected.

RISK FACTORS

We rely on third-party payment processors to process payments made by riders and payments made to private car owners and taxi drivers on our platform, and if we cannot manage our relationships with such third parties and other payment-related risks, our business, results of operations and financial condition could be adversely affected.

We rely on third-party payment processors, such as commercial banks, Alipay and WeChat Pay, to process payments made by our riders and payments made to private car owners and taxi drivers on our platform. If any of our third-party payment processors terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we would need to find an alternative payment processor, and may not be able to secure similar terms or replace such payment processor in an acceptable timeframe. Further, the software and services provided by our third-party payment processors may fail to meet our expectations, contain errors or vulnerabilities, encounter disruption or compromise, or experience outages. Our third-party payment processors may also be penalized or suspended if they fail to protect personal information in compliance with relevant laws and regulations. Any of these risks could cause us to lose our ability to accept online payments or other payment transactions or make timely payments to private car owners and taxi drivers on our platform, any of which could make our platform less convenient and attractive to users and adversely affect our ability to attract and retain users.

We may in the future offer new payment options to riders that may be subject to additional regulations and risks. We are also subject to a number of other laws and regulations relating to the payments we accept from our riders, including with respect to money laundering, money transfers, privacy and information security. If we fail to comply with applicable rules and regulations, we may be subject to civil or criminal penalties, fines or higher transaction fees and may lose our ability to accept online payments or other payment card transactions, which could make our services less convenient and attractive to our users. If any of these events were to occur, our business, results of operations and financial condition could be adversely affected.

We may be considered as conducting payment services as a non-financial institution without a Payment Business Permit.

Historically, after our riders made payments to our business accounts on WeChat Pay and Alipay through *Dida Mobility App*, the payments were transferred to a designated bank account on the second day, and we then settled payments with private car owners and taxi drivers by crediting the reward to their user accounts on our platform.

In China, payment services are subject to the supervision of the People's Bank of China (the "PBOC"). For example, in June 2010, the PBOC issued the Administrative Measures on Non-Financial Institution Payment Service (非金融機構支付服務管理辦法) (the "Payment Services Measures"), requiring a non-financial institution offering payment services to obtain a payment business permit (the "Payment Business Permit"). Neither non-financial institutions nor individuals are permitted to engage in any form of payment business without the approval of the PBOC, including payment through the internet, otherwise the non-financial institution or the individual may be ordered to terminate payment business.

RISK FACTORS

As the relevant government authorities have discretion in determining what practice or process constitutes payment or settlement services without a Payment Business Permit, we cannot assure you that our past settlement practice would not give rise to the risk that we may be deemed as engaging in payment and settlement services without a license. During the Track Record Period and up to the Latest Practicable Date, we had not been required by the relevant regulatory authorities to obtain a Payment Business Permit for our past settlement practice, nor had we received any administrative penalty in connection with our past settlement practice or otherwise been determined to be in violation of the above-described regulations and rules.

In order to manage the associated risks, we have cooperated with a licensed commercial bank and developed a system connecting with our internal system to manage and settle payments with private car owners and taxi drivers. We have put the system into full operation since November 9, 2020, and all the incoming payments from riders and payments to private car owners and taxi riders through *Dida Mobility App* are now settled through the system. As advised by our PRC legal advisors, we are not required to obtain a Payment Business Permit under the current settlement system, as the licensed commercial bank will provide payment management and settlement services for us through the implemented system, and such settlement practice complies with relevant PRC laws and regulations in all material respects.

However, we cannot assure you that our cooperation with such commercial bank would suffice for all of our present or future businesses. In addition, the settlement services provided by the licensed commercial bank are subject to various rules and regulations, which may be amended or reinterpreted to encompass additional requirements. In response to such changes, we may have to adjust our cooperation with the licensed commercial bank and may thus incur higher transaction and compliance costs. Furthermore, if the PBOC or other governmental authorities deem the payment methods we historically offered not to be in compliance with applicable laws and regulations, we may be subject to regulatory actions, investigations, fines and penalties. Any of the circumstances would have a material adverse effect on our business, results of operations and financial condition.

We depend on the availability and proper functioning of certain third-party services. Should there be any disruption in their supply, or the services provided by our suppliers be defective or fail to meet the required standards, our business and reputation may be adversely affected.

Our success depends in part on our relationships with other third-party service providers. For example, we rely on third-party encryption and authentication technologies licensed from third parties that are designed to securely transmit personal information provided by private car owners, riders and taxi drivers on our platform. Furthermore, from time to time, we may enter into strategic partnerships with third parties in connection with the development of new technologies, the growth of our user base, the provision of new or upgraded services, or the expansion of our business into new markets. If any of our partners terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we would need to find an alternative provider, and may not be able to secure similar terms or replace such provider in an acceptable timeframe. We also rely on other software and services supplied by third parties, such as communications and internal software, and our business may be adversely affected to the extent such software and services do not meet our expectations, contain errors or vulnerabilities, encounter disruption or compromise, or

RISK FACTORS

experience outages. Any of these risks could increase our costs and adversely affect our business, results of operations and financial condition. Further, any negative publicity related to any of third-party partners, third-party merchants engaging us for our advertising services and our automobile value-added services providers, including any publicity related to quality standards or safety concerns, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. In addition, our third-party service providers may be subject to regulatory actions from time to time. For example, some of our cloud service providers, marketing service providers, communication platform service providers and internet-based communication and advertising service providers were subject to regulatory fines, actions or criticism during the Track Record Period. Any of the foregoing could adversely their relationships with us and undermine their ability to deliver satisfactory services to us, which, in turn, could adversely affect our business, results of operations and financial condition.

We incorporate technology from third parties into our platform. We cannot be certain that our licensors are not infringing the intellectual property rights of others or that the suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may operate. If any of our license agreements is terminated by our licensors for any reason, if we are unable to obtain or maintain rights to any technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our ability to develop our platform containing that technology could be severely limited and our business could be harmed. Additionally, if we are unable to obtain necessary technology from third parties, we may be forced to acquire or develop alternative technology, which may require significant time and effort and may be of lower quality or performance standards. This would limit and delay our ability to provide new or competitive services and increase our costs. If we cannot obtain or develop alternative or comparable technology, we may not be able to offer certain functionality on our platform or maintain satisfactory user experience, which could adversely affect our business, results of operations and financial condition.

We depend on the interoperability of our platform across third-party applications and platforms that we do not control.

We have integrations with Baidu Maps, Meituan Dache, AliPay, WeChat Pay and a variety of other payment, travel, data management and security vendors. As our services expand and evolve, we may have an increasing number of integrations with other third-party applications, products and services. Third-party applications, products and services are constantly evolving, and we may not be able to maintain or modify our platform to ensure its compatibility with third-party offerings following development changes. In addition, some of our competitors or technology partners may take actions which disrupt the interoperability of our platform with their own products or services, or exert strong business influence on our ability to, and the terms on which we, operate and distribute our platform. As our services continue to evolve, we expect the types and levels of competition to increase. Should any of our competitors or technology partners modify their products, standards or terms of use in a manner that degrades the functionality or performance of our platform or is otherwise unsatisfactory to us or gives preferential treatment to competitive products or services, our business, results of operations and financial condition could be materially and adversely affected.

RISK FACTORS

If we fail to maintain and enhance our brand image and generate positive publicity, our business, results of operations and financial condition could be materially and adversely affected.

The recognition and image of our brands and the successful maintenance and enhancement of our brands and reputation have contributed, and will continue to contribute, to our success and growth. Any negative perception and publicity about us, our Controlling Shareholders, Directors, senior management, affiliates, employees, business partners and the services we provide, whether or not justified, could tarnish our reputation and reduce the value of our brand. In addition, our competitors may fabricate complaints or negative publicity about us for the purpose of vicious competition. With the increased use of social media, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for us to respond and mitigate effectively. Moreover, we are subject to negative publicity about private car owners and taxi drivers using our platform, whose activities could be beyond of our control. Negative public perception that private car owners and taxi drivers on our platform do not provide satisfactory services, even if factually incorrect or based on isolated incidents, could undermine the trust and credibility we have established and have a negative impact on our ability to attract and retain users.

Our results of operations are subject to seasonal fluctuations.

We have experienced, and expect to continue to experience, seasonality in our business. For example, we generally experience less user traffic during the Chinese New Year holidays in the first quarter of each year. We have also experienced spikes in business volumes around other major holidays. Other seasonal trends that affect us or China's carpooling and taxi industries may develop, and current seasonal trends may become more extreme, all of which would contribute to fluctuations in our results of operations. As a result, historical patterns of our results of operations may not be indicative of our future performance, and period-to-period comparisons of our results of operations may not be meaningful, especially given our limited operating history. Our results of operations in future quarters or years may fluctuate and deviate from the expectations of securities analysts and investors, and any occurrence that disrupts our business during any particular quarters could have a disproportionately material adverse effect on our liquidity and results of operations.

If we fail to prevent the loss or misappropriation of our intellectual property rights, we may lose our competitive edge. The value of our services, reputation and business operations may be materially and adversely affected.

Our trade secrets, trademarks, copyrights, patents and other intellectual property rights are critical to our success. We rely on, and expect to continue to rely on, a combination of confidentiality, invention assignment, and license agreements with our employees, consultants, and third parties with whom we have relationships, as well as trademarks, domain names, copyrights, trade secrets and patent rights, to protect our brand and other intellectual property rights. Our trade secrets primarily include our mobile app softwares, the information technologies that support massive concurrent user activities on our platform, and core algorithms used to optimize order matching and navigations. However, various events outside of our control may pose a threat to our intellectual property rights, as well as to our products and services. Effective protection of trademarks, copyrights, domain names, patent rights, and other intellectual property rights is expensive and difficult to maintain, both in terms of application and maintenance costs and in terms of the costs of defending and enforcing

RISK FACTORS

those rights. The efforts we have taken to protect our intellectual property rights may not be sufficient or effective. Our intellectual property rights may be infringed, misappropriated or challenged, which could result in them being narrowed in scope or declared invalid or unenforceable.

During the Track Record Period, we were involved in a series of malicious intellectual property litigations with Hangzhou Dida Mobility Enterprise Management Limited (“Hangzhou DMEM”) regarding certain of our trademarks, mainly including “嘀嗒” (registration number 17888860) and “嘀嗒租车” (registration number 15519442A). See “Business—Intellectual Property” for details.

With the increasing popularity of our brand, more counterfeiting and free-riding incidents may occur through maliciously initiated trademark disputes, leading to potential confusion among consumers. While we endeavor to mitigate the impact by timely clarification, publicity campaigns and legal actions, we cannot assure you that we will not be subject to any adverse impact due to the existence of a similar third-party trademark in the market, especially when such third party or its users are involved in any misconduct, or that our mitigating efforts can remain effective. In addition, the dispute resolving process could be lengthy and expensive. Moreover, in the worst-case scenario where our disputed trademarks were announced to be invalid, we may lose enforceable intellectual property rights as to the concerned trademarks, although we may continue to use such trademarks under a first-to-use doctrine under the relevant PRC law, which could adversely affect our business and brand image.

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

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

We depend on our ability to develop and maintain the intellectual property rights relating to our business. We cannot assure you that third parties will not claim that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights that they hold. We have been, and may continue to be, involved in litigations or administrative proceedings in relation to allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of other parties’ rights, some of which may be raised by other market players as a way of malicious competition. See “—If we fail to prevent the loss or misappropriation of our intellectual property rights, we may lose our competitive edge. The value of our services, reputation and business operations may be materially and adversely affected.” As we face increasing competition and as litigation becomes a more common method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

RISK FACTORS

The validity, enforceability and scope of protection of intellectual property rights, are still evolving. Defending against intellectual property claims is time-consuming and costly and can impose a significant burden on our ability to develop our business, and favorable final outcomes may not be obtained in all cases. Such claims, even without merits, may still harm our reputation in the industry. If we are the target of claims by third parties asserting intellectual property infringement, we may be forced to incur substantial expenses or divert substantial managerial resources from our business. An adverse determination in an intellectual property claim to which we may become a party could subject us to liability or expenses, or changes required to our services to reduce the risk of future liability, which may have a material adverse effect on our business, results of operations and financial condition.

Failure to control rental costs, obtain leases at desired locations at reasonable prices or protect our leasehold interests could materially and adversely affect our business.

We do not own any real properties. As of the Latest Practicable Date, we operated our business through 14 leased properties in Beijing, Shanghai, Changsha, Xi'an, Hangzhou, Jinan, Guangzhou, Zhengzhou, Tianjin and Shenzhen. Our leased properties in China serve primarily as our offices.

At the end of each lease term, we must negotiate an extension of the lease. If we are not able to negotiate an extension on terms acceptable to us, we will be forced to move to a different location, or the rent may increase significantly given that the real estate prices in China have continued to rise for years. This could disrupt our operations and adversely affect our profitability. In addition, we cannot assure you that the lease agreements will not be terminated before their expiration for reasons beyond our control, such as breaches of agreements by the lessor or the tenant of the premises or invalidation of lease agreements due to the lessors' lack of title to lease the properties. In such event, we will need to relocate to other premises and may incur additional costs due to relocation.

In addition, as of the Latest Practicable Date, eight of our leased properties had title defects as certain lessors failed to provide property ownership certificates or other relevant certificates regarding their legal right to lease such properties, which may adversely affect our ability to continue to use them in the future. See "Business—Real Properties—Title Defects" for details. We may face challenges from the property owners or other third parties regarding our right to occupy the premises. Furthermore, if the landlords fail to perform its obligations under the lease agreements between the landlords and us due to any reason, including but not limited to its own non-compliance with relevant laws and regulations, government demolition or any other unforeseeable events, we may be unable to continue using such properties. As of the date of this prospectus, we are not aware of any challenges being made by a third party or government authority on the titles of any of these leased properties that might affect our current occupation. Although we do not expect to become subject to any fines or penalties if any of these leases are terminated as a result of challenges by third parties or government authorities for any of these title defects, we may be forced to relocate the affected offices and incur additional expenses accordingly. If we fail to find suitable replacement sites in a timely manner or on terms commercially acceptable to us, our business operations may be adversely affected.

RISK FACTORS

Moreover, under the applicable PRC laws and regulations, the parties to a lease are required to register and file such lease with the relevant government authorities. As of the Latest Practicable Date, 14 lease agreements of our leased properties had not been registered or filed. While the lack of registration will not affect the validity of the leases under PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease.

We may be subject to liability for placing advertisements with content that is deemed inappropriate or misleading.

PRC laws and regulations prohibit companies from producing, distributing or publishing any advertisement with content that violates PRC laws and regulations, impairs the national dignity of China, involves designs of the PRC national flag, national emblem or national anthem or the music of the national anthem, or content that is considered reactionary, obscene, superstitious or absurd, is fraudulent, or disparages similar products. As advised by our PRC legal advisors, as we provide internet advertising services on our platform to corporate customers, we are required to verify, record and update the identity information of those who choose to place their advertisements with us on a regular basis. We must also review supporting documents provided by our corporate customers and verify the content of the advertisements, and may not publish any advertisement that lacks or is inconsistent with supporting documents. While we have a review procedure prior to publishing, we cannot guarantee that we can eliminate all advertisements with content that would be deemed inappropriate or misleading. If we are deemed violating PRC law or regulations, we may be subject to penalties, including suspension of publishing, confiscation of the related revenues, imposition of fines and suspension or termination of our advertising services, any of which could materially and adversely affect our business. In addition, we may increasingly become subject to public scrutiny, including complaints to regulatory agencies, negative media coverage, and malicious allegations, all of which could materially and adversely affect our reputation and business.

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

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

RISK FACTORS

Our existing operations and future growth require a competent workforce. For example, the effective operation of our platform, and other back office functions depends in part on our professional employees. We also rely on experienced personnel for our business aspects of technology, service design, operation and others to anticipate and effectively respond to changing customer preferences and market trends. However, our industry is characterized by high demand and intense competition for talents. In order to attract and retain talents, we may need to offer higher compensation, better trainings and more attractive career trajectory and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain qualified workforce necessary to support our future growth. We may fail to manage our relationship with our employees, and any disputes between us and our employees, or any labor-related regulatory or legal proceedings may divert managerial and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, as our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet the increasing demands of our business. Any of the above issues related to our workforce may materially and adversely affect our results of operations and future growth.

If we cannot maintain our corporate culture as we grow, our business could be harmed.

We believe that our company culture, which promotes authenticity, empathy and support for others, has been critical to our success. We face a number of challenges that may affect our ability to sustain our corporate culture, including:

- failure to identify, attract, reward and retain people in leadership positions in our organization who share and further our culture, values and mission;
- the increasing size and geographic diversity of our workforce;
- competitive pressures to move in directions that may divert us from our mission, vision and values;
- the continued challenges of a rapidly-evolving industry;
- the increasing need to develop expertise in new areas of business that affect us;
- negative perception of our treatment of employees or our response to employee sentiment related to political or social causes or actions of management; and
- the integration of new personnel and businesses from acquisitions.

If we are not able to maintain our culture, our business, results of operations and financial condition could be adversely affected.

RISK FACTORS

Failure to obtain government grants or preferential tax treatments that may be available to us, or the discontinuation, reduction or delay of any of the government grants or preferential tax treatments currently enjoyed by us in the future could materially and adversely affect our business, results of operations and financial condition.

During the Track Record Period, we received certain government grants and preferential tax treatments. Beijing Changxing, one of our Consolidated Affiliated Entities, was recognized as a “high and new technology enterprise” (高新技術企業) since 2016, and was entitled to a preferential income tax rate of 15.0% for three consecutive years from 2016 to 2019, from 2019 to 2022 and from 2022 to 2025 upon renewal, compared to the standard rate of 25.0%. Pintu (Beijing) Information Technology Co. Ltd., the WFOE, was recognized as a “high and new technology enterprise” in China since 2021, and also enjoyed a preferential income tax rate of 15.0% for a period of three years from 2021 to 2024.

However, as the “high and new technology enterprise” certificate must be reapplied every three years, we cannot assure you that Beijing Changxing and the WFOE will always be able to renew their status as a “high and new technology enterprise” upon each expiry of the certificates. In addition, such preferential tax rates are non-recurring in nature, and government authorities may decide to reduce or cancel such tax preferences at any time. The discontinuation, reduction or delay of these governmental grants or preferential tax treatment could adversely affect our results of operations and financial condition. In addition, we might not be able to successfully or timely obtain the government grants or preferential tax treatments that may be available to us in the future, which could adversely affect our results of operations and financial condition.

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

We do not maintain property insurance, key employee insurance, business interruption insurance, product liability insurance or insurance to cover the risks relating to the Contractual Arrangements. We do not maintain insurance policies covering damages to our technological infrastructure or litigation insurance. See “Business—Insurance” for details. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations.

The insurance industry in China is still at an early stage of development, and insurance companies in China currently offer limited business-related insurance products. As such, we may not be able to ensure certain risks related to our assets or business even if we desire to. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from any loss, and we cannot assure you that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, results of operations and financial condition could be materially and adversely affected.

RISK FACTORS

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

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

In addition, if appropriate opportunities arise, we may acquire additional assets, technologies, services or businesses that are complementary to our existing business. Future acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating investments may be significant. If our expansion into new businesses or geographical areas is not successful, our business, prospects and growth momentum may be materially and adversely affected. In addition to the requisite corporate approvals, we may also have to obtain approvals and licenses from relevant government authorities for the investments and comply with applicable PRC laws and regulations, which could result in delays in implementing our investments and increased costs.

We may not be able to obtain additional capital at acceptable terms or at all.

We may require additional cash resources due to evolved business conditions or other future developments. If our current cash resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity, equity-linked or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could result in additional dilution to our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and may result in operating and financing covenants that would restrict our operations and liquidity.

In addition, our ability to obtain additional capital on acceptable terms is subject to a variety of factors, including:

- investors' perception of, and demand for, securities of comparable companies;
- conditions of the capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows;

RISK FACTORS

- the development of PRC laws and regulations on China’s mobility market, in particular the carpooling and the taxi industries;
- economic, political and other conditions in China; and
- PRC governmental policies relating to foreign currency borrowings.

We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. Any failure to raise additional funds on commercially reasonable terms could have a material adverse effect on our liquidity and financial condition.

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

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

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

RISK FACTORS

A severe or prolonged downturn in the global or regional economy could materially and adversely affect our business, financial condition, results of operations and prospects.

The global macroeconomic environment is facing numerous challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including problems that may arise from the unwinding of those policies. Recently, the Russia-Ukraine conflict has caused, and continues to intensify, significant geopolitical tensions in Europe and across the world. This conflict and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. In addition, the trade tensions among major economies create uncertainty and challenges to the development of global economic condition. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or regional economy may materially and adversely affect our business, results of operations, financial condition and prospects.

RISKS RELATING TO OUR FINANCIAL PERFORMANCE

We experienced net losses, net liabilities and net current liabilities during the Track Record Period. We cannot assure you that we will sustain profitability or revert to net assets or net current assets in the future.

We have incurred losses in the past. We recognized net loss of RMB187.6 million in 2022. Our historical net loss was primarily due to the increased loss from the increase in fair value of financial instruments as a result of the increased valuation of our Preferred Shares along with our business growth. We cannot assure you that we will be able to achieve and sustain profitability in the future. We may experience net losses in the future as we further substantiate our long-term strategies, which may negatively influence our short-term financial performance. For example, our expenses will likely increase in the future as we develop and launch new offerings and platform features, enhance our research and development capabilities, expand in existing and new markets, increase our sales and marketing efforts and continue to invest in our platform. These efforts may be more costly than we expect and may not result in increased revenue or growth in our business. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow on a consistent basis.

We recorded net liabilities of RMB3,559.3 million, RMB3,720.4 million and RMB3,309.5 million as of December 31, 2021, 2022 and 2023, respectively, primarily due to the fair value of our convertible redeemable preferred shares being treated as liabilities under the IFRS. Our net liabilities decreased as of December 31, 2023, as a result of the decreased valuation of our Company caused by the equity market downturn. All the Preferred Shares will be automatically converted into our Ordinary Shares at no additional consideration upon the completion of the Global Offering. We cannot assure you that we will be able to achieve and maintain net assets in the future.

RISK FACTORS

In addition, our net current liabilities increased from RMB1,797.7 million as of December 31, 2021 to RMB3,841.3 million as of December 31, 2022, primarily due to the significant increase in the current portion of the Preferred Shares, as the fair value of the Preferred Shares with the redemption date of less than one year from the balance sheet date were recorded as current liabilities. Our net current liabilities decreased to RMB3,406.0 million as of December 31, 2023. We cannot guarantee that we will not remain in net current liabilities, in which case we may be exposed to the liquidity risk, and our working capital for business operations may be constrained. Our future liquidity and ability to make additional capital investments necessary for our operations and business expansion will depend primarily on our ability to maintain sufficient cash generated from operating activities and obtain external financing.

Our growth has placed, and may continue to place, significant demands on our management and our operational and financial infrastructure. Our ability to manage our growth effectively and to integrate new employees, technologies and acquisitions into our existing business will require us to continue to expand our operational and financial infrastructure and to continue to retain, attract, train, motivate and manage employees. Continued growth could strain our ability to develop and improve our operational, financial and management controls, enhance our reporting systems and procedures, recruit, train and retain highly skilled personnel and maintain user satisfaction. Additionally, if we do not effectively manage the growth of our business and operations, the quality of our offerings could suffer, which could materially and adversely affect our business, results of operations and financial condition.

We have granted and may continue to grant share-based awards, which could result in share-based payments that may affect our financial performance and potentially dilute existing shareholders' ownership.

We have adopted the Pre-IPO Share Incentive Schemes that permits the grant of restricted shares or options as equity-based awards to members of the senior management and employees. We believe the granting of such share options is important to our ability to attract, retain and motivate our management team and qualified employees. We are required to recognize share-based payment expenses based on the fair value of such granted share options, taking into consideration the impact of market performance conditions and non-vesting conditions. We recognized share-based payment expenses of RMB22.7 million, RMB29.8 million and RMB110.4 million in 2021, 2022 and 2023, respectively. In addition, we have conditionally approved and adopted the Post-IPO RSU Scheme, which will become effective upon the Listing. Any additional grant of share-based awards by us will further increase our share-based payments, which may adversely affect on our results of operations and financial condition, and potentially dilute existing shareholders' ownership.

We are exposed to credit risks of our corporate customers.

Our business operations are subject to the risk of payment deferrals and/or defaults by our corporate customers for our advertising and other services. Revenue generated from our advertising and other services accounted for 6.8%, 6.1% and 3.6% of our total revenue in 2021, 2022 and 2023, respectively.

RISK FACTORS

During the Track Record Period, we typically granted to our corporate customers for our advertising and other services a credit period of 30 days to 120 days, depending on the relevant contract terms and our evaluation of their creditworthiness. In determining the actual length of credit terms granted to a specific corporate customer, we consider various factors such as reputation, the length of business relationship and past payment records. Our trade receivables turnover days in 2021, 2022 and 2023 were 224 days, 284 days and 194 days, respectively. As of December 31, 2021, 2022 and 2023, we recorded allowance for credit losses of RMB5.3 million, RMB6.3 million and RMB4.9 million, respectively. As of December 31, 2021, 2022 and 2023, our trade receivables balance included debtors with aggregate carrying amount of RMB8.3 million, RMB4.2 million and RMB0.8 million, respectively, which was past due 90 days or more as of the reporting date, representing 23.8%, 20.7% and 6.4% of our trade receivables as of the same dates, respectively. See “Financial Information—Discussion of Major Balance Sheet Items—Trade Receivables” for details.

We are thus exposed to the risk that corporate customers may delay or withhold their payment for any reason, which may put our cash flow and working capital under pressure. We cannot assure you that we will be able to fully recover the outstanding amounts due from our corporate customers in a timely manner pursuant to the agreed-upon payment schedules, or at all. If we fail to collect such outstanding amounts from corporate customers in full amounts or in a timely manner, or at all, our liquidity position could be worsened, and our business, results of operations and financial condition could be materially and adversely affected.

We are exposed to credit risks for amounts due from payment platforms and aggregation platforms.

We had amounts due from payment platforms of RMB29.5 million, RMB19.5 million and RMB25.8 million as of December 31, 2021, 2022 and 2023, respectively. These amounts represented the balance on third-party payment platforms which had been collected from our riders but had not been transferred to us. The amounts due from payment platforms can be withdrawn by us at any time, and is normally transferred to our bank account in the next working day. See “Financial Information—Discussion of Major Balance Sheet Items—Prepayments, Deposits and Other Receivables” and Note 21 to the Accountants’ Report in Appendix I to this prospectus. During the Track Record Period, we also cooperated with certain aggregation platforms, primarily including navigation or online search mobile applications, to acquire users for our carpooling marketplace and taxi online-hailing services and enlarge our service coverage. We had amounts due from aggregation platforms of RMB8.5 million, RMB2.3 million and RMB0.5 million as of December 31, 2021, 2022 and 2023, respectively. We collect amounts due from aggregation platforms on a monthly basis and we typically grant our partnered aggregation platforms a credit period of 30 days, depending on the relevant contract terms and our evaluation of their creditworthiness.

However, we are exposed to the risk that payment platforms and aggregation platforms may delay or withhold their payment for any reason, which may put our cash flow and working capital under pressure. We cannot assure you that we will be able to fully recover the outstanding amounts due from payment platforms or aggregation platforms in a timely manner pursuant to the agreed-upon payment schedules, or at all. If we fail to collect any outstanding amounts from payment platforms or aggregation platforms in full amounts or in a timely manner, or at all, our liquidity position could be jeopardized, and our business, results of operations and financial condition could be materially and adversely affected.

RISK FACTORS

We are exposed to risks associated with the fair value change in financial assets at fair value through profit or loss and valuation uncertainty regarding the use of unobservable inputs.

We had financial assets at fair value through profit or loss of RMB220.3 million, RMB150.7 million and RMB352.8 million as of December 31, 2021, 2022 and 2023, respectively, which represented our wealth management products purchased from a reputable licensed commercial bank in China. We recorded gain on fair value changes of financial assets at fair value through profit or loss of RMB5.1 million, RMB5.0 million and RMB7.1 million in 2021, 2022 and 2023, respectively. During the Track Record Period, we purchased open-ended and redeemable wealth management products with the annualized weighted average rate of return of 2.49%, 1.79% and 2.06% for 2021, 2022 and 2023, respectively. We have implemented investment and treasury policies during the Track Record Period. See “Financial Information—Discussion of Major Balance Sheet Items—Financial Assets at Fair Value through Profit or Loss.” During the Track Record Period, we measured our financial assets at fair value through profit or loss using unobservable inputs. See “Financial Information—Discussion of Major Balance Sheet Items—Financial Assets at Fair Value through Profit or Loss—Fair Value Measurements” and Notes 4, 5 and 19 to the Accountants’ Report in Appendix I to this prospectus for more details. We cannot assure you that we will not have our financial assets at fair value through profit or loss measured using unobservable inputs in the future. We are subject to the risks that any of our counterparties, such as the banks that issued wealth management products, may not perform their contractual obligations, such as in the event that any such counterparty declares bankruptcy or becomes insolvent. Any material non-performance of our counterparties with respect to the wealth management products we invested in could materially and adversely affect our financial position and cash flow. Furthermore, the wealth management products are subject to the overall market conditions, including the capital markets. Any volatility in the market or fluctuations in interest rates may reduce our financial position or cash flow, which, in turn, could materially and adversely impact our financial condition. In addition, general economic and market conditions affect the fair value of these wealth management products.

The fair value measurement of our Preferred Shares is subject to uncertainties and risks, and changes in fair value may affect our financial performance.

We had a loss of RMB234.1 million from the increase in fair value of Preferred Shares in 2022. As of December 31, 2021, 2022 and 2023, the carrying amount of our convertible redeemable preferred shares was RMB4,228.2 million, RMB4,465.6 million and RMB4,256.2 million, respectively. We issued several series of Preferred Shares to our Shareholders prior to the Track Record Period. We used the discounted cash flow method to determine the underlying share value and adopted equity allocation model to determine the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting period based on valuation reports carried out by the third-party qualified valuer. See “Financial Information—Material Accounting Policy Information, Estimates and Assumptions—Financial Instruments—Preferred Shares” and Note 25 to the Accountants’ Report in Appendix I to this prospectus. During the Track Record Period, we measured our Preferred Shares using unobservable inputs. The use of unobservable inputs renders valuation uncertain, as changes of unobservable inputs may change the fair value of our Preferred Shares. See “Financial Information— Discussion of Major Balance Sheet Items—Financial Assets at Fair Value through Profit or Loss—Fair Value Measurements” and Notes 4, 5 and 33 to the Accountants’ Report

RISK FACTORS

in Appendix I to this prospectus for more details. Additionally, to determine the fair value of our Preferred Shares, we have adopted assumptions of discount rate, risk-free interest rate, discounts for lack of marketability, volatility and our projections of future performance. The fair value change of financial assets at fair value through profit or loss may significantly affect our financial position and results of operations. Accordingly, such determination requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such redeemable preferred shares and therefore may cause our estimates to vary from actual results, which could adversely affect our results of operation and financial condition.

We may not fully recover our deferred tax assets, which may affect our financial positions in the future.

We had deferred tax assets of RMB106.6 million, RMB104.5 million and RMB84.6 million as of December 31, 2021, 2022 and 2023, respectively, as we recognized deferred tax assets for the eligible losses we carried forward from previous years in 2021, 2022 and 2023. See Note 27 to the Accountants' Report in Appendix I to this prospectus for the movements of our deferred tax assets during the Track Record Period.

Our deferred tax assets relate to deductible temporary differences between the tax bases of assets and liabilities and their carrying amounts to the extent that the utilization of such differences and losses against future taxable profits is probable. This requires significant judgment on the tax treatments of transactions and an assessment of the probability that adequate future taxable profits will be available for the deferred tax assets to be utilized. The carrying amount of deferred tax assets is reviewed at the end of each period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. We cannot guarantee we can recover or predict the movement of our deferred tax assets. Failure to recover deferred tax assets may adversely affect our financial position in the future.

Excessive withdrawals of the users' account balance may negatively affect our results of operations, financial condition and reputation.

On our carpooling marketplace, we present the fare upfront to both riders and private car owners for all carpooling rides facilitated through our platform. After the trip concludes, we will credit the funds received from the rider to the private car owner's user account on our platform. A private car owner may waive the ride fare as a favor to the carpooling rider under certain circumstances, in which case the carpooling rider will receive a refund of the prepaid ride fare less the service fees we are entitled to. For our taxi online-hailing services, if the rider makes the payment through our mobile app, we will credit the funds we received from the rider to the taxi driver's user account on our platform, including extra tips but excluding any service fees we charge the taxi driver. The private car owners and taxi drivers may withdraw the funds on a daily basis. As of December 31, 2023, we had payables to users of RMB538.3 million, representing the users' account balance of private car owners, taxi drivers and carpooling riders on our platform that they had not yet withdrawn. See "Financial Information—Discussion of Major Balance Sheet Items—Trade and Other Payables." Our capital and banking facilities for such withdrawal of payables by the relevant users include bank balances and cash, restricted cash and financial assets at fair value through profit or loss.

RISK FACTORS

The number of withdrawal requests and the amount of withdrawals during a certain period could be affected by a number of factors, many of which are beyond our control. These factors include, without limitation, users' willingness to keep the funds in their accounts on our platform for future usage, and the user activity on our platform amid the COVID-19 outbreak. As such, excessive withdrawal requests that we may encounter during a short period of time, as well as the expenses we may incur for resolving withdrawal disputes, if any, could adversely affect our liquidity and working capital. A high volume of withdrawal requests may also generate negative publicity, which could materially and adversely affect our reputation, business, results of operations and financial condition.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

If the PRC government finds that the Contractual Arrangements do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities.

Current PRC laws and regulations impose certain restrictions on foreign ownership of companies that engage in a number of business activities, including value-added telecommunications services and other related services. We are a company incorporated under the laws of the Cayman Islands, and the WFOE, our wholly-owned PRC subsidiary, is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we conduct our business in China through our Consolidated Affiliated Entities. Because of the Contractual Arrangements, we are the primary beneficiary of the Consolidated Affiliated Entities and consolidate their results of operations into ours. Our Consolidated Affiliated Entities hold the licenses, approvals and key assets that are essential for our business operations.

If the PRC government finds that our Contractual Arrangements do not comply with its restrictions on foreign investment in businesses, or if the PRC government otherwise finds that we or our Consolidated Affiliated Entities are in violation of PRC laws or regulations, or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities, including the Ministry of Commerce of the PRC (中華人民共和國商務部) ("MOFCOM") and the MIIT, would have discretion in dealing with such violations or failures, including, without limitation:

- requiring the nullification of the Contractual Arrangements;
- revoking our business and operating licenses;
- discontinuing or restricting our operations;
- imposing fines or confiscating any of our income which is deemed to have been obtained through illegal operations;
- imposing conditions or requirements with which we or the WFOE and our Consolidated Affiliated Entities may not be able to comply;
- requiring us or the WFOE and our Consolidated Affiliated Entities to restructure the relevant ownership structure or operations, or to re-apply for the necessary licenses, or to relocate our business, staff and assets;

RISK FACTORS

- restricting or prohibiting our use of the proceeds from the Global Offering or other of our financing activities to finance the business and operations of our Consolidated Affiliated Entities; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, results of operations and financial condition. In addition, it is unclear whether PRC government actions would have any impact on us, and our ability to consolidate the financial results of any of our Consolidated Affiliated Entities in our consolidated financial statements, if the PRC governmental authorities find our legal structure and Contractual Arrangements to be in violation of PRC laws, rules and regulations.

On February 17, 2023, the CSRC released the Trial Measures and five supporting guidelines, which came into effect on March 31, 2023. At the press conference held for the Trial Measures on the same day, officials from the CSRC clarified that, as for companies seeking overseas listing with contractual arrangements, the CSRC will solicit opinions from relevant regulatory authorities and complete the filing of the overseas listing of such companies if they duly meet the compliance requirements, and support the development and growth of these companies by enabling them to utilize two markets and two kinds of resources. If we fail to complete the filing with the CSRC in a timely manner or at all, for any future offerings, listing or any other capital raising activities, which are subject to the filings under the Trial Measures, due to our Contractual Arrangements, our ability to raise or utilize funds could be materially and adversely affected, and we may even need to unwind our Contractual Arrangements or restructure our business operations to rectify the failure to complete the filings. However, given that the Trial Measures were recently promulgated, their interpretation, application, and enforcement and how they will affect our operations and our future financing are subject to further clarification and interpretation.

The interpretation and implementation of the Foreign Investment Law may be subject to changes from time to time, and it remains to be seen how it may impact the viability of our current corporate structure, corporate governance and business operations.

On March 15, 2019, the National People’s Congress approved the PRC Foreign Investment Law (中華人民共和國外商投資法) (the “FIL”), which came into effect on January 1, 2020. On December 26, 2019, the State Council of the People’s Republic of China published Implementation Rules of the PRC Foreign Investment Law (中華人民共和國外商投資法實施條例). These rules are relatively new and are subject to further implementation and interpretation.

Under the FIL, “foreign investment” refers to the investment activities directly or indirectly carried out in the PRC by one or more foreign natural persons, enterprises or other organizations (the “Foreign Investor(s)”). The FIL specifically stipulates three forms of foreign investment, namely, (1) establishment of a foreign invested enterprise in the PRC by a Foreign Investor, either individually or collectively with any other investor, (2) obtaining shares, equities, assets interests or any other similar rights or interests of an enterprise in the PRC by a Foreign Investor; and (3) investment in any new construction project in the PRC by a Foreign Investor, either individually or collectively

RISK FACTORS

with any other investor, and does not explicitly stipulate contractual arrangements as a form of foreign investment. However, there is a catch-all provision under the definition of “foreign investment” to include investments made by Foreign Investors in China, through means stipulated by laws or administrative regulations, or other methods prescribed by the State Council of the PRC (中華人民共和國國務院) (the “State Council”). Therefore, there are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, which would render it uncertain as to whether foreign investment via contractual arrangements would be deemed violation of the foreign investment access requirements, and how the above-mentioned Contractual Arrangements would be regulated.

The FIL grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either “restricted” or “prohibited” from foreign investment in the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (外商投資准入特別管理措施(負面清單)(2021年版)) (the “Negative List”) published by certain departments of the State Council on December 27, 2021. The FIL provides that foreign-invested entities shall not invest in “prohibited” industries and shall meet the investment conditions stipulated under the negative list for any “restricted” industries. If our control over our Consolidated Affiliated Entities through the Contractual Arrangements are deemed as foreign investment in the future, and any business of our Consolidated Affiliated Entities is “restricted” or “prohibited” from foreign investment under the “negative list” effective at the time, we may be deemed to be in violation of the FIL, the contractual arrangements that allow us to have control over our Consolidated Affiliated Entities may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or restructure our business operations, any of which may have a material and adverse effect on our business operation.

Furthermore, if foreign investment related laws, administrative regulations or rules change in the future, we may need to take further actions with respect to our Consolidated Affiliated Entities for the purpose of having better operational control on our Consolidated Affiliated Entities or continuously satisfying applicable requirements of the stock exchange where we list. For example, the Administrative Regulations on Foreign-Invested Telecommunications Enterprises (外商投資電信企業管理規定) were recently amended by the State Council and took effect on May 1, 2022 (the “2022 FITE Regulations”). The 2022 FITE Regulations canceled the qualification requirement on the primary foreign investor in a foreign invested value-added telecommunications enterprise for having a good track record and operational experience in the value-added telecommunications industry as stipulated in the previous version. Given this new regulatory development and any further detailed implementing rules that the PRC governmental authority may formulate in the future, there is no guarantee that the Contractual Arrangements and our business will not be materially and adversely affected in the future as a result of changes in PRC laws and regulations. If future laws, administrative regulations or provisions mandate further actions to be completed by companies with existing contractual arrangements, we cannot guarantee whether such actions can be timely completed, or at all. Failure to take timely and appropriate measures to cope with any of these, or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

RISK FACTORS

In the extreme scenario, we may be required to unwind the Contractual Arrangements and/or dispose of our Consolidated Affiliated Entities, which could have a material and adverse effect on our business, results of operations and financial condition. In the event that we no longer have a sustainable business after the aforementioned unwinding of the Contractual Arrangements or disposal of our Consolidated Affiliated Entities or such measures are not complied with the relevant laws and regulations, the Stock Exchange may take enforcement actions against us, which may have a material adverse effect on the trading of our Shares or even result in delisting of our Company. For details of the FIL and the Negative List, and its potential impact on us, see “Contractual Arrangements—Development in the PRC Legislation on Foreign Investment.”

Therefore, there is no guarantee that our Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. Our Consolidated Affiliated Entities may fail to perform its obligations under our Contractual Arrangements.

Due to the PRC restrictions or prohibitions on foreign ownership of value-added telecommunications services in China, we operate our business in China through our Consolidated Affiliated Entities, in which we have no direct ownership interest. We rely on a series of Contractual Arrangements with our Consolidated Affiliated Entities and their shareholders to control and operate their business. These Contractual Arrangements are intended to provide us with effective control over our Consolidated Affiliated Entities, and allow us to obtain economic benefits from them.

The Contractual Arrangements may not be as effective as direct ownership in providing us with control over our Consolidated Affiliated Entities. Direct ownership would allow us, for example, to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of our Consolidated Affiliated Entities, which, in turn, could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the Contractual Arrangements, as a legal matter, if our Consolidated Affiliated Entities or their shareholders fail to perform its, his or her respective obligations under the Contractual Arrangements, we may have to (1) incur substantial costs, (2) expend resources to enforce those arrangements, and (3) resort to litigation or arbitration and rely on legal remedies under PRC laws. These remedies may include seeking specific performance or injunctive relief and claiming damages, any of which may not be effective. In the event we are unable to enforce these contractual arrangements or we experience significant delays or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities and may lose control over the assets owned by our Consolidated Affiliated Entities. As a result, we may be unable to consolidate our Consolidated Affiliated Entities in our consolidated financial statements, which could materially and adversely affect our results of operations and financial condition. See “—Certain terms of the Contractual Arrangements may not be enforceable.”

RISK FACTORS

We may lose the ability to use and enjoy assets held by our Consolidated Affiliated Entities that are material to our business operations if our Consolidated Affiliated Entities declares bankruptcy or become subject to a dissolution or liquidation proceeding.

Our Consolidated Affiliated Entities hold assets that are material to our business operations. The Contractual Arrangements with our Consolidated Affiliated Entities contain terms that specifically obligate their shareholders to ensure the valid existence of our Consolidated Affiliated Entities. They also provide that our Consolidated Affiliated Entities may not be voluntarily liquidated. However, if the shareholders breach this obligation and voluntarily liquidate our Consolidated Affiliated Entities, or if our Consolidated Affiliated Entities declare bankruptcy, all or part of their assets may become subject to liens or rights of third-party creditors and we may be unable to continue some or all of our business operations, which could materially and adversely affect our business, results of operations and financial condition.

The registered shareholders of Beijing Changxing may have conflicts of interest with us, which may materially and adversely affect our business.

Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun are the registered shareholders of Beijing Changxing. In particular, Mr. SONG directly holds a 60.5755% equity interest in Beijing Changxing and is the chairman of the board of directors and legal representative of each of WFOE and Beijing Changxing. Conflicts of interest between their dual roles in our Company and in Beijing Changxing may arise. WFOE, Beijing Changxing and the shareholders of Beijing Changxing entered into the Exclusive Option Agreement, pursuant to which the shareholders of Beijing Changxing jointly and severally granted irrevocably to WFOE the rights to require the shareholders to transfer any or all their equity interests and/or assets in Beijing Changxing to WFOE and/or a third party designated by it, in whole or in part at any time and from time to time, at a minimum purchase price permitted under PRC laws and regulations or at the appraised value of the acquired equity interests if required by PRC laws and regulations. WFOE and Beijing Changxing entered into the Exclusive Option Agreement and Exclusive Asset Acquisition Agreement, pursuant to which Beijing Changxing irrevocably granted to WFOE the rights to require Beijing Changxing to transfer any or all of its assets to WFOE and/or a third party designated by it, in whole or in part at any time and from time to time, at a minimum purchase price permitted under PRC laws and regulations or at the appraised value of the acquired assets if required by PRC laws and regulations. WFOE, Beijing Changxing and each of the shareholders of Beijing Changxing entered into the Powers of Attorney, pursuant to which each shareholder of Beijing Changxing irrevocably appoints WFOE or its designee(s) and their successors (including a liquidator) but excluding those non-independent or who may give rise to conflict of interests, as his attorney-in-fact to exercise such shareholder's rights in Beijing Changxing. In addition, each of our Directors owes a duty of loyalty and a duty of care to our Company and shareholders as a whole under Cayman Islands law.

We cannot assure you, however, that when conflicts of interest arise, these individuals and entities will act in the best interests of our Company or that conflicts of interest will be resolved in our favor. We also cannot assure you that these individuals will ensure the Consolidated Affiliated Entities not to breach the existing Contractual Arrangements. If we cannot resolve any conflict of interest or dispute between us and the shareholders of Beijing Changxing should it arise, we would

RISK FACTORS

have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings. These uncertainties may impede our ability to enforce the Contractual Arrangements with Beijing Changxing and their shareholders. If we are unable to resolve any such conflicts, or if we experience significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and damage our reputation.

Certain terms of the Contractual Arrangements may not be enforceable.

The Contractual Arrangements provide for dispute resolution by way of arbitration in the China International Economic and Trade Arbitration Commission (the “CIETAC”), in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing.

The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of Consolidated Affiliated Entities, injunctive relief and/or order the winding up of Consolidated Affiliated Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, these terms may not be enforceable. For instance, under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in Consolidated Affiliated Entities in case of disputes. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands are subject to recognition and enforcement by PRC courts according to the applicable laws and regulations. PRC laws allow the arbitral body to grant an award of transfer of assets of or equity interests in Consolidated Affiliated Entities in favor of an aggrieved party. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures.

In case the Contractual Arrangements provide that courts in competent jurisdictions may grant and/or enforce interim remedies or in support of arbitration, such interim remedies (even if granted by courts in competent jurisdictions in favor of an aggrieved party) are subject to recognition and enforcement by PRC courts according to relevant laws and regulations. As a result, in the event that our Consolidated Affiliated Entities or the shareholders of Beijing Changxing breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected.

RISK FACTORS

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

The PRC tax authorities may assert that we or our subsidiaries or Consolidated Affiliated Entities or their equity holders owe and/or are required to pay additional taxes on previous or future revenue or income. In particular, under PRC laws and regulations, arrangements and transactions among related parties, such as the contractual arrangements with our Consolidated Affiliated Entities, may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements among the WFOE and our Consolidated Affiliated Entities do not represent an arms-length price and adjust our Consolidated Affiliated Entities income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our Consolidated Affiliated Entities, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to our Consolidated Affiliated Entities for under-paid taxes. Our results of operations may be materially and adversely affected if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

If we exercise the option to acquire equity ownership and assets of our Consolidated Affiliated Entities, the ownership or asset transfer may subject us to substantial costs.

We may incur substantial cost in the exercise of the option to acquire the equity interests in or assets of our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, the WFOE has the exclusive right to purchase all or any part of the equity interests in each of our Consolidated Affiliated Entities from their shareholders at the lowest price permitted by PRC law, and where PRC laws and regulations require appraisal of the equity interest, the parties shall re-negotiate in good faith, and make adjustments based on the appraised value to comply with the requirements of PRC laws and regulations. The WFOE also has the exclusive right to purchase all or any part of the assets in each of our Consolidated Affiliated Entities from their shareholders at the lowest price permitted by PRC law. Where PRC laws and regulations require appraisal of the assets, the parties shall re-negotiate in good faith, and make adjustments based on the appraised value to comply with the requirements of PRC laws and regulations. In the event of such transfer, the lowest price permitted by PRC law may be substantially higher than the aforesaid actual capital contributions in case of purchasing the equity interests, or the net book value of relevant assets, or the competent tax authority may require the WFOE to pay enterprise income tax, value-added tax and other applicable taxes with reference to the fair value of such assets instead of the price as stipulated under the Contractual Arrangements, in which case the WFOE may be subject to a substantial amount of tax and our financial condition may be materially and adversely affected.

RISK FACTORS

RISKS RELATING TO DOING BUSINESS IN CHINA

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities, and, if required, we cannot predict whether we will be able to obtain such approval or complete such filing.

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (關於依法從嚴打擊證券違法活動的意見), which calls for, among others, enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC released the Trial Measures and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek Overseas Offering and Listing, either directly or indirectly, shall fulfill the filing procedure and report relevant information to the CSRC. Specifically, following the principle of substance over form, if an issuer meets both of the following criteria, its overseas offering and listing will be deemed as an indirect Overseas Offering and Listing by a domestic enterprise: (1) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent fiscal year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same fiscal year; and (2) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China. The Trial Measures also requires subsequent reports to be submitted to the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings. See “Regulations—Regulations Relating to Overseas Offering and Listing” for details. If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines.

RISK FACTORS

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知) (the “Notice”), which, among others, clarified that (1) on or prior to the effective date of the Trial Measures, domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas offering and listing; (2) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States), but have not completed the indirect overseas listing; if domestic companies fail to complete the overseas listing within such six-month transition period, they shall file with the CSRC according to the requirements; and (3) the CSRC will solicit opinions from relevant regulatory authorities and complete the filing for the Overseas Offering and Listing of companies with contractual arrangements that duly meet the compliance requirements, and support the development and growth of these companies by enabling them to utilize two markets and two kinds of resources.

Our PRC legal advisors are of the view that the Listing shall be deemed as indirect Overseas Offering and Listing by a PRC domestic enterprise. Since we have already submitted applications for the Listing and have not obtained approval from the Stock Exchange, we are required to complete the filing with the CSRC before the completion of our overseas offering and listing. We submitted the filing pursuant to the Trial Measures on April 1, 2023, and have completed filing with the CSRC and obtained the notice of filing on February 6, 2024. Furthermore, since the Trial Measures was newly promulgated, these rules will be subject to further implementation and interpretation. If the filing procedure with the CSRC under the Trial Measures is required for any future offerings, listing or any other capital raising activities, we cannot guarantee whether we could complete the filing procedure in relation to any further capital raising activities in a timely manner, or at all.

Furthermore, on February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) (the “Archives Rules”), which came into force on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, shall strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. According to the Archives Rules, during an overseas offering and listing, if a domestic company needs to provide or publicly disclose to securities companies, securities service providers and overseas regulators, any materials that contain relevant state secrets, state agencies’ work secrets or have an adverse impact on the national security or public interests, the domestic company shall complete the relevant filing and/or approval and other regulatory procedures.

RISK FACTORS

In addition to the filing required by the CSRC for the Listing as discussed above, we may be subject to other approval, filing, other authorization or requirements of the CSRC or other PRC governmental authorities for this offering or future capital raising activities. In that case, we may fail to obtain such approval, filing or meet such requirements in a timely manner or at all, or completion could be rescinded. Any failure to obtain or delay in obtaining such approval, filing or completing such procedures for this offering or future capital raising activities, or a rescission of any such approval or filing obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from this offering or future capital raising activities into China, or take other actions that could materially and adversely affect our business, financial condition, results of operations and prospects, as well as the trading price of our Shares.

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this offering or future capital raising activities before settlement and delivery of the Shares offered hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for this offering or future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of the Shares.

The economic, social and other general conditions in China could affect our business, results of operations, financial conditions and prospects.

We conduct our business operations in China. Accordingly, our business, results of operations and financial condition are influenced by economic, social, legal and other general developments in China. In particular, factors such as consumer, corporate and government spending, business investment, level of economic development, and resource allocation could affect the growth of our business. The PRC economy has experienced significant growth over the past decades since the implementation of China's reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business and its growth prospects may be adversely affected.

RISK FACTORS

Failure to comply with PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident Shareholders to personal liability, may limit our ability to acquire PRC companies or to inject capital into our PRC subsidiaries, may limit the ability of our PRC subsidiaries to distribute profits to us or may otherwise materially and adversely affect us.

Pursuant to the Circular on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicle (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “Circular 37”), which was promulgated by the State Administration for Foreign Exchange of the PRC (中華人民共和國外匯管理局) (“SAFE”) and became effective on July 4, 2014, (1) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (an “Overseas SPV”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (2) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change in the Overseas SPV’s PRC resident shareholder, name of the Overseas SPV, term of operation, or any increase or reduction of the contributions by the PRC resident, share transfer or swap, and merger or division. Pursuant to Notice of SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the “Circular 13”), which was promulgated on February 13, 2015 and amended on December 30, 2019, the aforesaid registration shall be directly reviewed and handled by qualified banks in accordance with the Circular 13, and SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

Each of Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun, the ultimate individual shareholders of our Company subject to the registration requirements under Circular 37 and Circular 13, has completed the initial and amended foreign exchange registrations on September 9, 2020 respectively pursuant to Circular 37 and Circular 13 in relation to their offshore investments as PRC residents. To our best knowledge, all of Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun have registered with SAFE for their respective investment in us. However, we cannot assure you that all of our Shareholders who are PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements required by Circular 37, Circular 13 or other related rules. Any future failure by any of our shareholders who is a PRC resident, or controlled by a PRC resident, to comply with relevant requirements under the regulation could subject us to fines or sanctions imposed by the PRC government, including restrictions on WFOE’s abilities to pay dividends or make distributions to us and our ability to increase investment in our PRC subsidiaries, which could adversely affect our business and prospects.

RISK FACTORS

Failure to respond to changes in the regulatory environment in China could materially and adversely affect our business.

We are based in China and our business in China are governed by PRC laws and regulations. The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which prior court decisions may be cited for reference but have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past several decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. Our PRC subsidiaries and Consolidated Affiliated Entities are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new, and the PRC legal system and regulatory environment continue to rapidly evolve, the interpretations and enforcement of many laws, regulations and rules may be subject to changes.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights, and it may be difficult to predict the outcome of administrative and court proceedings and the level of legal protection we may enjoy. Furthermore, our understanding of evolving policies may differ from that of relevant authorities. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China, could materially and adversely affect our business and impede our ability to continue our operations.

Our operations depend on the performance of the internet and mobile internet infrastructure, and telecommunications networks, which may not be able to support the demands associated with our continued growth.

Our business depends on users' access to our platform via a mobile device and the internet. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with the internet infrastructure or the telecommunications networks in China. We cannot assure you that these infrastructures will be able to support the demands associated with our continued growth in usage.

Our platform is mobile-based. There is an increasing trend of accessing the internet through smart phones, tablets and other mobile devices. As new devices, new mobile platforms and updates to such devices and platforms are continually being released, we may encounter problems in developing our mobile app for use on these devices, and we may need to devote significant resources to creating, supporting and maintaining our mobile app on such devices.

RISK FACTORS

Moreover, we are subject to a number of laws and regulations specifically governing the internet and mobile devices that are constantly evolving. Existing and future laws and regulations, or changes thereto, may affect the growth and availability of the internet and online offerings, require us to change our business practices or raise compliance costs or other costs of doing business. Any failure, or perceived failure, by us to comply with any of the relevant laws or regulations could result in damage to our reputation and brand a loss in business and proceedings or actions against us by governmental entities or others, which could adversely impact our results of operations.

It may be difficult to effect service of process, enforce foreign judgments and arbitral awards against us or our Directors and senior management.

We are incorporated in the Cayman Islands. All our assets and operations are located in Mainland China, and all of our Directors and senior management are located in Mainland China. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or these individuals. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in China only if the jurisdiction has a treaty with China or if the jurisdiction has been otherwise deemed by Chinese courts to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements.

On July 14, 2006, the Supreme People’s Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “2006 Arrangement”), which became effective on August 1, 2008. Pursuant to such arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement.

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

RISK FACTORS

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

Regulatory requirements of currency conversion and future fluctuation of Renminbi exchange rates could have a material adverse impact on our results of operations and financial condition, and may reduce the value of, and dividends payable on, our Shares in foreign currency terms.

There are certain regulatory procedures on the convertibility of the Renminbi into foreign currencies required by the PRC government and, in certain cases, the remittance of currency out of China. We receive all of our revenue in Renminbi. Under our current corporate structure, our Company in the Cayman Islands relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval of SAFE, by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulations, such as the overseas investment registration by the beneficial owners of our Company who are PRC residents. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies.

If the foreign exchange regulatory regime prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

The value of Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to change resulting from the PRC government's policies, and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, the Shares in foreign currency terms. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect our business, results of operations and financial condition, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

RISK FACTORS

We may be classified as a PRC resident enterprise for PRC enterprise income tax purposes under the EIT Law, and our income may be subject to PRC withholding tax under the EIT Law.

Under the People's Republic of China on Enterprise Income Tax Law (中華人民共和國企業所得稅法) (the "EIT Law"), an enterprise established outside of the PRC with a "de facto management body" within China is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules (the "EIT Rules") define the term "de facto management body" as the body that exercises full and substantial control over, and overall management of, the business, production, personnel, accounts and properties of an enterprise. On April 22, 2009, the State Administration of Taxation (國家稅務總局) ("SAT") issued a circular, known as Circular 82, which was last amended on December 29, 2017. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (1) the primary location of the day-to-day operational management is in China; (2) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in China; (3) the enterprise's primary assets, accounting books and records, company seal, and board and shareholder resolutions, are located or maintained in China; and (4) at least 50% of voting board members or senior executives habitually reside in China.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities, and how to determine "de facto management body" and how the tax residency rule will apply to our case are subject to further interpretation and enforcement. If the PRC tax authorities determine that our Company or any of our subsidiaries outside of the PRC is a PRC resident enterprise for PRC enterprise income tax purposes, our Company or such subsidiary could be subject to PRC tax at a rate of 25% on its worldwide income, which could materially reduce our net profit. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our Company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

RISK FACTORS

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

On August 8, 2006, MOFCOM, State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) (“SASAC”), SAT, the State Administration for Industry and Commerce of the PRC (國家工商行政管理總局) (“SAIC”), the CSRC and SAFE jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “M&A Rules”), which was effective on September 8, 2006 and amended in June 2009. The M&A Rules and other regulations and rules concerning mergers and acquisitions, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Provisions of the Ministry of Commerce on the Implementation of the Safety Review System for Merger and Acquisition of Domestic Enterprises by Foreign Investors (商務部實施外國投資者併購境內企業安全審查制度的規定) issued by MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the National People’s Congress of China and effective in 2008, as most recently amended on June 24, 2022 and effective from August 1, 2022, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the relevant anti-monopoly authority before they can be completed. It also requires business operators not to abuse data, algorithms, technology, capital advantages and platform rules to exclude or limit competition.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the abovementioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of the Global Offering to make loan or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and our Consolidated Affiliated Entities. We may make loans to our PRC subsidiaries and Consolidated Affiliated Entities, subject to the administrative procedures and limitation of amount, or we may make additional capital contributions to our PRC subsidiaries in China.

RISK FACTORS

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to reporting with or approval by or registration with the relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings or reports in the Foreign Investment Comprehensive Management Information System, and registration with a local bank authorized by SAFE. Any medium or long-term loan to be provided by us to our Consolidated Affiliated Entities must be filed with the NDRC and recorded by SAFE or its local branches through the online filing system of SAFE pursuant to applicable PRC regulations. We may not be able to complete such recording, filing or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording, filing or registrations, our ability to use the proceeds of the Global Offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

SAFE issued the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the “Circular 19”) which took effect on June 1, 2015 and amended on December 30, 2019. The Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC, provided that such usage shall fall into the scope of business of the foreign invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. In addition, SAFE promulgated the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知) (“SAFE Circular 28”) on October 23, 2019, which took effect on the same day. SAFE Circular 28, subject to certain conditions, allows foreign-invested enterprises whose business scope does not include investment, or non-investment foreign-invested enterprises, to use their capital funds to make equity investments in China. As of the Latest Practicable Date, its interpretation and implementation in practice remained subject to further explanations and elaborations. As the relevant government authorities have discretion in interpreting the regulation, it remains to be seen whether SAFE will permit such capital funds to be used for equity investments in the PRC in practice. The Circular 19 and SAFE Circular 28 may significantly limit our ability to transfer to and use in China the net proceeds from the Global Offering, which may adversely affect our business, results of operations and financial condition.

RISK FACTORS

Dividends payable by us to our foreign investors and gains on the sale of our Shares may become subject to withholding taxes under PRC tax laws.

Under the PRC EIT Law and the EIT Rules, its implementation regulations, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides otherwise, we may be deemed as a PRC resident enterprise by the PRC tax authorities for tax purpose. PRC income tax at the rate of 10% is applicable to dividends payable by a PRC “resident enterprise” to investors that are “non-resident enterprises” (i.e., those enterprises that do not have an establishment or place of business in China, or those that have such an establishment or place of business but the relevant income of which is not effectively connected with the establishment or place of business) to the extent such dividends have their source within China. Similarly, any gain realized on the transfer of shares by such enterprises is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within China. If the dividends we pay to our shareholders are regarded as income derived from sources within China, we may be required to withhold a 10% PRC withholding tax for the dividends we pay to our investors who are non-PRC enterprise shareholders.

Under PRC Individual Income Tax Law (中華人民共和國個人所得稅法) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents and gains from PRC sources realized by such investors on the transfer of share are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempted under applicable tax treaties or similar arrangements.

If we are treated as a PRC resident enterprise, dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within China and as a result be subject to the PRC income taxes described above. See “—We may be classified as a PRC resident enterprise for PRC enterprise income tax purposes under the EIT Law, and our income may be subject to PRC withholding tax under the EIT Law.” However, shareholders who are not PRC tax residents and seek to enjoy preferential tax rates under relevant tax treaties may apply to the PRC tax authorities to be recognized as eligible for such benefits in accordance with the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (國家稅務總局關於發佈<非居民納稅人享受協定待遇管理辦法>的公告), which was issued on October 14, 2019 and took effect on January 1, 2020. If determined to be ineligible for the applicable tax treaty benefits, gains obtained from sales of our Shares and dividends on our Shares paid to such Shareholders would subject to higher PRC tax rates. In such cases, the value of your investment in our Shares may be materially and adversely affected.

The heightened scrutiny over indirect transfers of PRC assets by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.

Pursuant to the Notice on Strengthening the Administration on Enterprise Income Tax for Non-resident Enterprise Equity Transfer (關於加強非居民企業股權轉讓所得企業所得稅管理的通知) (the “SAT Circular 698”) issued by the SAT in December 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise

RISK FACTORS

indirectly by disposition of the equity interests of an overseas non-public holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that (1) has an effective tax rate of less than 12.5% or (2) does not impose income tax on foreign income of its residents, the non-resident enterprise, being the transferor, must report such Indirect Transfer to the competent tax authority of the PRC resident enterprise. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%.

On February 3, 2015, the SAT issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (the “SAT Public Notice 7”). SAT Public Notice 7 supersedes the rules with respect to the Indirect Transfer under SAT Circular 698, but does not touch upon the other provisions of SAT Circular 698. SAT Public Notice 7 has introduced a new tax regime that is significantly different from the previous one under SAT Circular 698. SAT Public Notice 7 extends its tax jurisdiction to not only Indirect Transfers set forth under SAT Circular 698 but also transactions involving transfer of other taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Public Notice 7 provides clearer criteria than SAT Circular 698 for assessment of reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Public Notice 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. Where a non-resident enterprise transfers taxable asset indirectly by disposing of the equity interests of an overseas holding company, which is an Indirect Transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

On October 17, 2017, SAT issued a Public Notice of SAT on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (關於非居民企業所得稅源泉扣繳有關問題的公告) (the “SAT Public Notice 37”), which, among others, repeals the Circular 698 on December 1, 2017. SAT Public Notice 37 further details and clarifies the tax withholding methods in respect of income of non-resident enterprises under Circular 698. And certain rules stipulated in SAT Public Notice 7 are replaced by SAT Public Notice 37. Where the non-resident enterprise fails to declare the tax payable pursuant to Article 39 of the Enterprise Income Tax, the tax authority may order it to pay the tax due within required time limits, and the non-resident enterprise shall declare and pay the tax payable within such time limits specified by the tax authority; however, if the non-resident enterprise voluntarily declares and pays the tax payable before the tax authority orders it to do so within required time limits, it shall be deemed that such enterprise has paid the tax in time.

RISK FACTORS

There are certain aspects of SAT Public Notice 7 and SAT Public Notice 37 that are subject to further clarification and interpretation. For example, while how to determine “Indirect Transfer” is subject to further interpretation, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with the PRC. Moreover, the relevant authority has not yet promulgated any formal provisions or made any formal declaration as to the process and format for reporting an Indirect Transfer to the competent tax authority of the relevant PRC resident enterprise. In addition, there are no formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to reduce, avoid or defer PRC tax. SAT Public Notice 7 and SAT Public Notice 37 may be determined by the tax authorities to be applicable to previous investments by non-resident investors in our Company, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our existing non-resident investors may become at risk of being taxed under SAT Public Notice 7 and SAT Public Notice 37 and may be required to expend valuable resources to comply with SAT Public Notice 7 and SAT Public Notice 37 or to establish that we should not be taxed under SAT Public Notice 7 and SAT Public Notice 37, which may have a material adverse effect on our results of operations and financial condition or such non-resident investors’ investments in us. We may conduct acquisitions involving changes in corporate structures, and historically we surrendered Shares and reissued to our current shareholders. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our Shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

Any failure to comply with PRC regulations regarding our employee equity incentive plans may subject the participants or us to fines and other legal or administrative sanctions.

After our Company becomes an overseas listed company upon the completion of the Global Offering, we, along with our Directors, executive officers and other employees who may be granted options, may be subject to the Notice on Foreign Exchange Administration PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知), issued by SAFE in February 2012. According to the foregoing Notice, employees, directors, supervisors and other management members who are PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year participating in any stock incentive plan of an overseas publicly listed company, subject to limited exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. Failure to complete SAFE registrations may subject them to fines and other legal sanctions and may also limit their ability to make payment under the equity incentive plans or receive dividends or sales proceeds related thereto, or our ability to contribute additional capital into our PRC subsidiaries and our PRC subsidiaries’ ability to distribute dividends to us. This notice issued by SAFE only covers two categories of equity incentive plans, i.e. employee stock ownership plans and stock option plans. As a result, our ability to adopt additional equity incentive plans for our Directors and employees under PRC laws and regulations may be restricted.

RISK FACTORS

In addition, SAT and MOFCOM have issued certain circulars with respect to employee share option. Under these circulars, our employees working in China will be subject to PRC individual income tax if they exercise share options. Our PRC subsidiaries have the obligation to file documents relating to the employee share options with the relevant tax authorities and may be required to withhold individual income tax for those employees. If our employees fail to pay income tax, or if we fail to make the filing according to the relevant laws and regulations or withhold income tax in any case as required, we may face sanctions imposed by the relevant tax authorities.

Our Shareholders may not have the same protection of their shareholder rights under Cayman Islands law comparing to what they would have under Hong Kong law.

Our corporate affairs are governed by our Memorandum of Association and Articles of Association, the Companies Act, and the common law of the Cayman Islands. The rights of Shareholders to take action against the Directors, the rights of minority Shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be the same as they would be under statutes or judicial precedent of other jurisdictions.

Inflation could negatively affect our profitability and growth.

The PRC government has implemented various policies from time to time to control inflation, including adopting various corrective measures designed to restrict the availability of credit or regulate growth. High inflation in the future may cause the PRC government to take further actions, which may adversely affect our business operations, causing negative impact on our profitability and growth.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares, and the liquidity and market price of our Shares following the Global Offering may be volatile, which could result in rapid and substantial losses for our Shareholders.

Prior to the Global Offering, there has been no public market for our Shares. The initial price range disclosed to the public for our Offer Shares was the result of negotiations among us and the Joint Global Coordinator, and the Offer Price may differ significantly from the market price for the Offer Shares following the Global Offering. We have applied to list and deal in the Shares on the Stock Exchange. We cannot assure you that the Global Offering will result in the development of an active, liquid public trading market for the Shares. In addition, the price and trading volumes of the Shares may be volatile. The following factors may affect the trading volume and market price of our Shares:

- actual or anticipated fluctuations in our operating performance and financial results;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;

RISK FACTORS

- our failure to execute our strategies;
- an unexpected business interruptions resulting from operational breakdowns, natural disasters, or major changes in our key personnel or senior management;
- adverse market reaction to any indebtedness that we may incur or securities that we may issue in the future;
- changes in market valuations of similar companies;
- changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting our ability to obtain or maintain regulatory approval for our services;
- inadequate protection of our intellectual property rights or legal proceedings brought against us for infringement of third parties' intellectual property rights;
- unexpected costs of litigations and unfavorable outcomes of claims arising out of our services and governmental investigations and actions; and
- general political, financial, social and economic conditions.

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

Furthermore, our Directors and employees may face additional exposure to claims and lawsuits, including class action lawsuits, as a result of their position in other public companies. The existence of litigation, claims, investigations and proceedings against our Directors and employees, even if they do not involve our Company, may harm our reputation and adversely affect the trading price of our Shares.

As the Offer Price is substantially higher than the consolidated net tangible book value per Share, purchasers of our Shares in the Global Offering may experience immediate dilution upon such purchases.

As the Offer Price of our Shares is higher than the consolidated net tangible assets per share immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma adjusted consolidated net tangible assets. Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our Shares may experience further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we issue additional shares in the future to raise additional capital.

Our Controlling Shareholders may exert substantial influence over our operations and may not always be aligned with interests of the independent Shareholders.

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares that may be issued under the

RISK FACTORS

Share Incentive Schemes), our Controlling Shareholders will control a majority of the voting power of Shares in issue. See “History and Corporate Structure” for details. Therefore, our Controlling Shareholders will be able to exercise significant influence over matters requiring Shareholders’ approval, including the election of Directors and the approval of certain significant corporate transactions. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of the Group that would otherwise benefit the Shareholders. The interests of our Controlling Shareholders may not always coincide with our or your best interests. If the interests of our Controlling Shareholders conflict with our interests or those of the other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with our interests or those of the other Shareholders, we or those other Shareholders, including you, may be disadvantaged as a result.

Any future sales, or perceived sales, of a substantial amount of our Shares in the public market could have a material adverse effect on the prevailing market price of our Shares and our ability to raise capital in the future.

Future sales of a substantial amount of our Shares by our existing Shareholders, or the possibility of such sales, could negatively impact the market price of our Shares from time to time. Although our Controlling Shareholders are subject to restrictions on the sales of Shares held by them as described in “Underwriting—Underwriting Arrangements and Expenses,” future sales of a significant number of our Shares by our Controlling Shareholders in the public market after the Global Offering, or the perception that these sales could occur, could cause the market price of our Shares to decline and could materially impair our future ability to raise capital through offerings of our Shares. Future sales of Shares by our existing Shareholders, or the issuance of Shares by our Company, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of our Shares.

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

We cannot guarantee when and in what form dividends will be paid on our Shares following the Global Offering. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. For details, see “Financial Information—Dividend Policy.”

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price and trading volume of our Shares may decline.

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

RISK FACTORS

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

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

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

Certain facts, forecasts and statistics contained in this prospectus are derived from publicly available official government sources and they may not be reliable.

Certain facts, forecasts and statistics in this prospectus relating to the PRC, the PRC economy and industries relevant to us have been derived from various official government publications, Frost & Sullivan and publicly available sources. We have taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this prospectus. However, the information from official government sources may not be accurate, reliable, complete or up to date, and has not been independently verified by us, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering. Therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled inside or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

RISK FACTORS

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there may have been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Global Offering, we have sought the following waivers and exemptions from strict compliance with the relevant provisions of the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. The business operations of our Group are located in China. Due to the business requirements of our Group, none of the executive Directors has been, is or will be based in Hong Kong. Our Company considers that it would be impracticable and commercially infeasible to appoint two Hong Kong residents as executive Directors or to relocate the existing executive Directors to Hong Kong considering that the operations of our Group are based outside Hong Kong. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirement of Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will adopt, among others, the following measures which are in line with Chapter 3.10 of the Listing Guide:

- (a) Our Company has appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal communication channel with the Stock Exchange and will ensure that we comply with the Listing Rules at all times. These two authorized representatives appointed are Mr. SONG, our chairman, executive Director and chief executive officer, and Mr. JIANG Zhenyu, the chief financial officer and a joint company secretary of our Company. Each of the authorized representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and e-mail. Each of the two authorized representatives has been duly authorized to communicate on our Company's behalf with the Stock Exchange. Our Company will inform the Stock Exchange promptly in respect of any change in the authorized representatives;
- (b) Both authorized representatives have means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Pursuant to Rule 3.20 of the Listing Rules, each Director has provided their contact information to the Stock Exchange and to the authorized representatives and will inform the Stock Exchange promptly if there are any changes to the contact of the Directors. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required. In the event that a Director expects to travel or is otherwise out of office, he/she will endeavor to provide his/her phone number of the place of his/her accommodation to the authorized representatives or maintain an open line of communication via his/her mobile phone;
- (c) All our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong upon reasonable notice, when required; and

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTION FROM THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

- (d) Our Company has appointed CMBC International Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules, who will act as our additional communication channel with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange.

Our Company has designated to relevant staff members, the responsibilities regarding maintaining day-to-day communication with Ms. SO Ka Man, our joint company secretary who is ordinarily resident in Hong Kong, and our Company's professional advisors in Hong Kong, including but not limited to our compliance advisor, to keep abreast of any correspondences and/or enquiries from the Stock Exchange and report to our Directors to further facilitate communication between the Stock Exchange and our Company.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our Company secretary must be an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of our Company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable: (1) a member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries); (2) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and (3) a certified public accountant (as defined in the Professional Accountants Ordinance).

In assessing "relevant experience," the Stock Exchange will consider: (1) the individual's length of employment with the issuer and other listed companies and the roles he/she played, (2) the individual's familiarity with the Listing Rules and other relevant law and regulations including SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code, (3) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than fifteen hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules, and (4) the individual's professional qualifications in other jurisdictions.

We have appointed Mr. JIANG Zhenyu and Ms. SO Ka Man as our joint company secretaries. Biographical information of Mr. JIANG Zhenyu and Ms. SO Ka Man is set out in the section headed "Directors and Senior Management" in this prospectus.

Since Mr. JIANG Zhenyu does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. JIANG Zhenyu as our joint company secretary.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTION FROM THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

Although Mr. JIANG Zhenyu does not possess the specified qualification required by Rule 3.28 of the Listing Rules, our Directors believe that considering Mr. JIANG Zhenyu's past experience in the capital market related affairs as well as his past financial and legal practices, he is capable of discharging the functions of a joint company secretary with the assistance of Ms. SO Ka Man, the other joint company secretary of our Company who fully complies with the requirements under Rule 3.28 and 8.17 of the Listing Rules. In addition, Mr. JIANG Zhenyu is familiar with and has a thorough understanding of the operations of our internal business and finance. Therefore, we believe that the appointment of Mr. JIANG Zhenyu as a joint company secretary is in our Company's and the Shareholders' best interests and beneficial to our corporate governance.

Given the important role of company secretary in the corporate governance of a listed issuer, particularly in assisting with the listed issuer as well as its directors in complying with the Listing Rules and other relevant laws and regulations, we have made the following arrangements for the waiver:

- Mr. JIANG Zhenyu will endeavor to attend relevant training courses, including briefing on the latest changes to the applicable Hong Kong laws and regulations as well as the Listing Rules organized by our legal advisor as to the laws of Hong Kong on an invitation basis, and seminars organized by the Stock Exchange or other professional bodies from time to time, in addition to the 15-hour minimum requirement under Rule 3.29 of the Listing Rules;
- We have appointed Ms. SO Ka Man, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully complies with the requirements under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary. Ms. SO Ka Man will work closely with and provide assistance to Mr. JIANG Zhenyu in the discharge of his duties as a company secretary for an initial period of three years commencing from the Listing Date ("Initial Three-year Period") so as to enable Mr. JIANG Zhenyu to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as a joint company secretary;
- Mr. JIANG Zhenyu will also be assisted by our compliance advisor and legal advisor as to the laws of Hong Kong on matters in relation to our continuing compliance obligations under the Listing Rules and the applicable laws and regulations.

Such waiver will be revoked immediately if and when Ms. SO Ka Man ceases to provide such assistance or if there are material breaches of the Listing Rules by us. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. JIANG Zhenyu, having had the benefit of Ms. SO Ka Man's assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary. In the event that Mr. JIANG Zhenyu has obtained relevant experience under Rule 3.28 of the Listing Rules at the end of the said Initial Three-year Period, the above joint company secretaries arrangement would no longer be necessary for us.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTION FROM THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the Contractual Arrangements which would constitute non-exempt continuing connected transactions of our Company under Chapter 14A of the Listing Rules following the completion of the Global Offering. We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Chapter 14A of the Listing Rules in relation to such non-exempt continuing connected transactions. Details of such non-exempt continuing connected transactions and the waiver are set out in the sections headed “Contractual Arrangements” and “Connected Transactions” in this prospectus.

WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO SHARE OPTION SCHEME

Under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this prospectus is required to include, among other things, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given. According to Chapter 3.6 of the Listing Guide, the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

As of the Latest Practicable Date, our Company had granted options under the Pre-IPO Share Option Scheme to (i) four Directors and one senior management to subscribe for an aggregate of 12,587,437 Shares and (ii) 234 other employees or former employees of our Group (none of whom is a connected person of our Group) to subscribe for an aggregate of 19,807,872 Shares ((i) and (ii) collectively, the “Grantees”), which collectively was an aggregate of 32,395,309 Shares, representing 3.26% of our Company’s issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares that may be issued under the Share Incentive Schemes) on the terms set out in the section headed “Statutory and General Information—D. Share Incentive Schemes—1. (2). Pre-IPO Share Option Scheme” in Appendix IV to this prospectus. No options under the Pre-IPO Share Option Scheme will be further granted upon the Listing.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTION FROM THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

Our Company has applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the grounds that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

- (a) given that an aggregate of 239 Grantees are involved, and that none of the Grantees, upon full exercises of his options, is beneficially interested in more than 0.40% of our Company's issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be issued under the Share Incentive Schemes), strict compliance with such disclosure requirements in setting out full details of all the Grantees under the Pre-IPO Share Option Scheme in the prospectus on an individual basis would be costly and unduly burdensome for our Company in light of a significant increase in cost and timing for information compilation and prospectus preparation;
- (b) the grant and exercise in full of the options under the Pre-IPO Share Option Scheme will not cause any material adverse impact on the financial position of our Company;
- (c) lack of full compliance with the above disclosure requirements would not prevent our Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and
- (d) material information relating to the options under the Pre-IPO Share Option Scheme will be disclosed in this prospectus, including the total number of Shares subject to the Pre-IPO Share Option Scheme, the exercise price per Share, the potential dilution effect on the shareholding and impact on earnings per Share upon full exercise of the options granted under the Pre-IPO Share Option Scheme. Our Directors consider that the information that is reasonably necessary for the potential investors to make an informed assessment of our Company in their investment decision making process has been included in this prospectus.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTION FROM THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

The Stock Exchange has granted us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules on the conditions that:

- (a) the following information will be clearly disclosed in this prospectus:
 - (i) details of the options granted under the Pre-IPO Share Option Scheme to (1) each of the Directors, senior management and other connected persons of the Company and (2) other grantees who had been granted options to subscribe for an aggregate of 1,000,000 Shares or more will be disclosed in the section headed “Statutory and General Information—D. Share Incentive Schemes—1. (2). Pre-IPO Share Option Scheme” in Appendix IV as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
 - (ii) in respect of the options granted under the Pre-IPO Share Option Scheme, other than those referred to (a) above, disclosure will be made, on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantee, being (1) 1 to 9,999 Shares, (2) 10,000 to 19,999 Shares, (3) 20,000 to 49,999 Shares, (4) 50,000 to 99,999 Shares, (5) 100,000 to 499,999 Shares, and (6) 500,000 to 999,999 Shares, of (1) their aggregate number of grantees and number of Shares underlying the options under the Pre-IPO Share Option Scheme, (2) the consideration paid for the grant of the options under the Pre-IPO Share Option Scheme, and (3) the exercise period and the exercise price of the options granted under the Pre-IPO Share Option Scheme;
 - (iii) the aggregate number of Shares underlying the options granted under the Pre-IPO Share Option Scheme and the percentage to our Company’s total issued share capital represented by such number of Shares as of the Latest Practicable Date;
 - (iv) the dilutive effect and impact on earnings per Share upon full exercise of the options granted under the Pre-IPO Share Option Scheme;
 - (v) a summary of the major terms of the Pre-IPO Share Option Scheme; and
 - (vi) the particulars of the waiver.
- (b) a full list of all the Grantees (including those persons whose details have already been disclosed in the prospectus) who have been granted options under the Pre-IPO Share Option Scheme containing all the particulars as required under Rule 17.02(1)(b) and paragraph 27 of Appendix D1A of the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for physical public inspection as set forth in the section headed “Documents Delivered to the Registrar of Companies in Hong Kong and Available On Display” in Appendix V to this prospectus; and

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES
AND EXEMPTION FROM THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

- (c) the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the Securities and Futures Commission exempting our Company from strict compliance with the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC has agreed to grant to our Company the certificate of exemption pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, subject to the conditions that:

- (a) on an individual basis, full details of the options granted by our Company under the Pre-IPO Share Option Scheme to (1) each of the Directors, senior management and other connected persons of the Company and (2) other grantees who had been granted options to subscribe for an aggregate of 1,000,000 Shares or more will be disclosed in the Prospectus, such details shall include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted by our Company under the Pre-IPO Share Option Scheme, other than those referred to (a) above, disclosure will be made, on an aggregated basis, categorized into lots based on the number of Shares underlying each individual grantee, being (1) 1 to 9,999 Shares, (2) 10,000 to 19,999 Shares, (3) 20,000 to 49,999 Shares, (4) 50,000 to 99,999 Shares, (5) 100,000 to 499,999 Shares, and (6) 500,000 to 999,999 Shares, of (1) their aggregate number of grantees and the number of Shares underlying the options under the Pre-IPO Share Option Scheme, (2) the consideration (if any) paid for the grant of the options under the Pre-IPO Share Option Scheme and (3) the exercise period and the exercise price for the options granted under the Pre-IPO Share Option Scheme;
- (c) a full list of all the Grantees (including those persons whose details have already been disclosed in this prospectus) who have been granted the options under the Pre-IPO Share Option Scheme, containing all the particulars as required in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for physical public inspection as set forth in the section headed “Documents Delivered to the Registrar of Companies in Hong Kong and Available On Display” in Appendix V to this prospectus; and
- (d) the particulars of the exemption will be disclosed in the prospectus and the prospectus will be issued on or before June 20, 2024.

See “Statutory and General Information—D. Share Incentive Schemes—1. (2). Pre-IPO Share Option Scheme” in Appendix IV for details.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which the Directors (including any proposed director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571 V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC APPROVAL

We have completed filing with the CSRC for the Global Offering on the Stock Exchange and obtained the notice of filing on February 6, 2024.

UNDERTAKING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus set out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained in this prospectus and on the terms and subject to conditions set out herein and wherein. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Overall Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. An International Underwriting Agreement relating to the International Offering is expected to be entered into on or around Price Determination Date, subject to the Offer Price being agreed.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by us and the Overall Coordinators (for themselves and on behalf of the Underwriters) on or around Wednesday, June 26, 2024, and in any event no later than 12:00 noon on Wednesday, June 26, 2024.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

If, for any reason, the Offer Price is not agreed among us and the Overall Coordinators (for themselves and on behalf of the Underwriters) on or before 12:00 noon on Wednesday, June 26, 2024, the Global Offering will not proceed and will lapse.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for our Shares are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set forth in the section headed “Structure of the Global Offering” in this prospectus.

COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, June 28, 2024. The Shares will be traded in board lots of 500 Shares each. The stock code of the Shares will be 02559.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and Shares to be issued upon the exercise of any restricted share unit or options under the Share Incentive Schemes.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

No part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on the Hong Kong Share register of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTRAR AND HONG KONG STAMP DUTY

Our principal register of members will be maintained by its principal share registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited. All Offer Shares will be registered on our Company's register of members in Hong Kong.

Dealings in the Shares will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

EXCHANGE RATE CONVERSION

Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates:

RMB0.9106: HK\$1.00

RMB7.1135: US\$1.00

HK\$7.8120: US\$1.00

No representation is made that any amounts in HK\$, RMB and US\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail unless otherwise stated. However, the translated English names of the PRC and foreign national, entities, departments, facilities, certificates, titles, laws, regulations (including certain of our subsidiaries) and the like included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the names in their original languages shall prevail.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. SONG Zhongjie (宋中傑)	No. 169, Beijing Riviera No. 1 Xiangjiang North Road Chaoyang District Beijing, PRC	Chinese
Mr. LI Jinlong (李金龍)	Room 202, Division 2 Building 1 No. 2 Courtyard Jinchan Happy Garden, Chaoyang District Beijing, PRC	Chinese
Mr. ZHU Min (朱敏)	Room 1202, Building 16 Green Homeland Fulin Garden Beiyuan Road, Chaoyang District Beijing, PRC	Chinese
Mr. DUAN Jianbo (段劍波)	Room 302, Division 1 Building 6 Tianyue Garden Chaoyang District Beijing, PRC	Chinese
Mr. LI Yuejun (李躍軍)	Room 101, Building 35, Cape Coral No. 381, Shaxi Avenue Panyu District, Guangzhou Guangdong Province, PRC	Chinese
<i>Non-Executive Director</i>		
Mr. LI Bin (李斌)	Room 8-2-901 Xishan Fenglin Third District No. 166, Xiangshan South Road Shijingshan District Beijing, PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
<i>Independent Non-Executive Directors</i>		
Mr. LI Feng (李豐)	Room 0701A, Tower D1 Liangmaqiao DRC No. 19, East Dongfang Road Chaoyang District Beijing, PRC	Chinese
Mr. LI Jian (李健)	Room 5601, Longwan Villa Houshayu Town Shunyi District Beijing, PRC	Chinese
Ms. WU Wenjie (武文潔)	Room 209-1-518, Building 6 No. 999 Jingxing Road Yuhang District, Hangzhou Zhejiang Province, PRC	Chinese

Further information about our Directors and other senior management members are set out in “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

**China International Capital Corporation
Hong Kong Securities Limited**
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Haitong International Capital Limited
Suites 3001-3006 and 3015-3016
One International Finance Centre
No. 1 Harbour View Street
Central
Hong Kong

Nomura International (Hong Kong) Limited
30/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

Overall Coordinators and Sponsor-Overall Coordinators

**China International Capital Corporation
Hong Kong Securities Limited**
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**Haitong International Securities Company
Limited**
22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Nomura International (Hong Kong) Limited
30/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators

**China International Capital Corporation
Hong Kong Securities Limited**
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**Haitong International Securities Company
Limited**
22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Nomura International (Hong Kong) Limited
30/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

CMBC Securities Company Limited
45/F, One Exchange Square
8 Connaught Place, Central
Hong Kong

Joint Bookrunners

**China International Capital Corporation
Hong Kong Securities Limited**
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**Haitong International Securities Company
Limited**
22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Nomura International (Hong Kong) Limited
30/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

CMBC Securities Company Limited

45/F, One Exchange Square
8 Connaught Place, Central
Hong Kong

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCI Asia Limited

26/F, Bank of China Tower
1 Garden Road, Central
Hong Kong

CCB International Capital Limited

12/F, CCB Tower
3 Connaught Road Central, Central
Hong Kong

**China Galaxy International Securities
(Hong Kong) Co., Limited**

20/F Wing On Centre
111 Connaught Road Central
Hong Kong

CMB International Capital Limited

45/F Champion Tower
3 Garden Road, Central
Hong Kong

ICBC International Securities Limited

37/F, ICBC Tower
3 Garden Road
Hong Kong

Tiger Brokers (HK) Global Limited

1/F, No. 308 Des Voeux Road Central
Sheung Wan
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Futu Securities International (Hong Kong) Limited

34/F, United Centre
No. 95 Queensway, Admiralty
Hong Kong

Livermore Holdings Limited

Unit 1214A, 12/F, Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road, Kowloon
Hong Kong

Joint Lead Managers

**China International Capital Corporation
Hong Kong Securities Limited**

29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**Haitong International Securities Company
Limited**

22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Nomura International (Hong Kong) Limited

30/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

CMBC Securities Company Limited

45/F, One Exchange Square
8 Connaught Place, Central
Hong Kong

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

BOCI Asia Limited

26/F, Bank of China Tower
1 Garden Road, Central
Hong Kong

CCB International Capital Limited

12/F, CCB Tower
3 Connaught Road Central, Central
Hong Kong

**China Galaxy International Securities
(Hong Kong) Co., Limited**

20/F Wing On Centre
111 Connaught Road Central
Hong Kong

CMB International Capital Limited

45/F Champion Tower
3 Garden Road, Central
Hong Kong

ICBC International Securities Limited

37/F, ICBC Tower
3 Garden Road
Hong Kong

Tiger Brokers (HK) Global Limited

1/F, No. 308 Des Voeux Road Central
Sheung Wan
Hong Kong

**Futu Securities International (Hong Kong)
Limited**

34/F, United Centre
No. 95 Queensway, Admiralty
Hong Kong

Livermore Holdings Limited

Unit 1214A, 12/F, Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road, Kowloon
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Syndicate Capital Market Intermediaries

**China International Capital Corporation
Hong Kong Securities Limited**
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**Haitong International Securities Company
Limited**
22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Nomura International (Hong Kong) Limited
30/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

CMBC Securities Company Limited
45/F, One Exchange Square
8 Connaught Place, Central
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road, Central
Hong Kong

CCB International Capital Limited
12/F, CCB Tower
3 Connaught Road Central, Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**China Galaxy International Securities
(Hong Kong) Co., Limited**
20/F Wing On Centre
111 Connaught Road Central
Hong Kong

CMB International Capital Limited
45/F Champion Tower
3 Garden Road, Central
Hong Kong

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road
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REGULATIONS

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

REGULATIONS ON VALUE-ADDED TELECOMMUNICATIONS SERVICES AND FOREIGN INVESTMENT RESTRICTIONS

Regulations Relating to Foreign Investment

On March 15, 2019, the National People's Congress (全國人民代表大會) promulgated the PRC Foreign Investment Law (中華人民共和國外商投資法) (the "FIL") which became effective on January 1, 2020 and replaced the Wholly Foreign-Owned Enterprise Law (中華人民共和國外資企業法). The FIL, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition.

According to the FIL, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list." The FIL provides that foreign invested entities operating in foreign "restricted" or "prohibited" industries will require entry clearance and other approvals. The FIL does not comment on the concept of "de facto control" or contractual arrangements with variable interest entities, however, it has a catch-all provision under definition of "foreign investment" to include investments made by foreign investors in China through means stipulated by laws or administrative regulations or other methods prescribed by the State Council (中華人民共和國國務院). Therefore, it still leaves leeway for future laws, administrative regulations or provisions to provide for contractual arrangements as a form of foreign investment.

The FIL also provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local governments shall abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner, expropriate or requisition the investment of foreign investors is prohibited; mandatory technology transfer is prohibited, allows foreign investors' funds to be freely transferred out and into the territory of PRC, which run through the entire lifecycle from the entry to the exit of foreign investment, and provide an all-around and multi-angle system to guarantee fair competition of foreign-invested enterprises in the market economy. In addition, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements. Furthermore, the FIL provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementing of the FIL, which means that foreign invested enterprises may be required to adjust the structure and corporate governance in accordance with the current PRC Company Law (中華人民共和國公司法) (the "Company Law") and other laws and regulations governing the corporate governance.

REGULATIONS

On December 26, 2019, the State Council promulgated the Implementation Rules of the PRC Foreign Investment Law (中華人民共和國外商投資法實施條例) (the “Implementation Rules”) which became effective on January 1, 2020. The Implementation Rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

On October 26, 2022, MOFCOM and the NDRC released the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (鼓勵外商投資產業目錄(2022年版)) (the “Encouraging Catalog”) which became effective on January 1, 2023, to replace the previous encouraging catalog. On December 27, 2021, MOFCOM and the NDRC released the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 Version) (外商投資准入特別管理措施(負面清單)(2021年版)) (the “2021 Negative List”) which became effective on January 1, 2022, to replace the Special Management Measures (Negative List) for the Access of Foreign Investment (2020 Version) (外商投資准入特別管理措施(負面清單)(2020年版)), which was promulgated on June 23, 2020. The Encouraging Catalog and the 2021 Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: “encouraged,” “restricted” and “prohibited.” Industries not listed in the Encouraging Catalog or the 2021 Negative List are generally deemed as falling into a fourth category “permitted” unless specifically restricted by other PRC laws.

On December 30, 2019, MOFCOM and the State Administration for Market Regulation (國家市場監督管理總局) (the “SAMR”) jointly promulgated the Measures for Information Reporting on Foreign Investment (外商投資信息報告辦法), which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

Regulations on Foreign Investment in Value-Added Telecommunications Businesses

The Telecommunications Regulations of the People’s Republic of China (中華人民共和國電信條例) (the “Telecommunications Regulations”) promulgated by the State Council on September 25, 2000, as amended on July 29, 2014 and February 6, 2016, provide a regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations categorize telecommunications services into basic telecommunications services and value-added telecommunications services. The Telecommunications Regulations require that telecommunication service providers shall obtain the operating license prior to the commencement of operations. According to the Catalog of Telecommunications Businesses (電信業務分類目錄), attached to the Telecommunications Regulations on September 25, 2000, as amended by the Ministry of Information Industry (中華人民共和國信息產業部) (the “MII”) (being the predecessor of the MIIT) on June 11, 2001 and February 21, 2003, and by the MIIT on December 28, 2015 and June 6, 2019, the first category of value-added telecommunications services is divided into four subcategories i.e., the Internet Data Center Services, the Content Delivery Network Services, the Domestic Internet Virtual Private Network Services, and the Internet Access Services. The second category of value-added telecommunications services includes, without limitation, the internet information services.

REGULATIONS

The Administrative Measures for Telecommunications Businesses Operating Licensing (電信業務經營許可管理辦法) (the “Telecommunications Measures”), which took effect on April 10, 2009 and was last amended on July 3, 2017, set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining the licenses, and the administration and supervision of these licenses.

The Administrative Measures on Internet Information Services (互聯網信息服務管理辦法) (the “Internet Measures”), which were promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, set out guidelines on the provision of internet information services. The Internet Measures classified internet information services into commercial internet information services and non-commercial internet information services. A commercial internet information services provider shall obtain a value-added telecommunications business operating license from the competent telecommunications authorities.

Pursuant to the Protocol on the Accession of the People’s Republic of China (中華人民共和國加入議定書) effective on November 10, 2001, China’s commitment to open telecommunication business does not include the Internet Data Center Services. Pursuant to the Mainland and Hong Kong Closer Economic Partnership Arrangement (內地與香港關於建立更緊密經貿關係的安排), Mainland and Macao Closer Economic Partnership Arrangement (內地與澳門關於建立更緊密經貿關係的安排) and their subsequent amendments from time to time, Mainland China has promised to open mainland data center business to service providers in Hong Kong Special Administrative Region and Macao Special Administrative Region subject to certain limitations.

Foreign direct investment in telecommunications companies in China is governed by the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (revised in 2022) (外商投資電信企業管理規定(2022修訂)) (the “FITE Regulations”), which was promulgated by the State Council on December 11, 2001 and most recently amended and took effect from May 1, 2022. According to the FITE Regulations and the 2021 Negative List, as for the value-added telecommunications business types which fall within China’s commitment to the World Trade Organization (“WTO”), the ultimate capital contribution percentage by foreign investor(s) in a foreign-invested value-added telecommunications enterprise shall not exceed 50%, except as otherwise stipulated by the state. Foreign investment in entities holding value-added telecommunications business operating licenses for the Internet Data Center Services, the Content Delivery Network Services, the Domestic Internet Virtual Private Network Services and the Internet Access Services, all of which are not open for foreign investment according to China’s commitment to the WTO, are generally prohibited, except with respect to qualified telecommunication service providers in Hong Kong and Macao Special Administrative Region according to the Mainland and Hong Kong Closer Economic Partnership Arrangement or the Mainland and Macao Closer Economic Partnership Arrangement, respectively.

REGULATIONS

In July 2006, the MII released the Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (信息產業部關於加強外商投資經營增值電信業務管理的通知) (the “MII Notice”), pursuant to which, if any foreign investor intends to invest in telecommunications business in China, a foreign-invested telecommunications enterprise must be established and such enterprise must apply for the relevant telecommunications business operation licenses. Furthermore, under the MII Notice, domestic telecommunications enterprises may not rent, transfer or sell a telecommunications business operation license to foreign investors in any form, nor may they provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MII Notice, the internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (or its shareholders).

Regulations on Mobile Internet Applications Information Services

In addition to the Telecommunications Regulations and other regulations above, mobile internet applications and the internet application store are specifically regulated by the Administrative Provisions on Mobile Internet Application Information Services (移動互聯網應用程序信息服務管理規定) (the “Mobile Application Administrative Provisions”) which were promulgated by the CAC on June 28, 2016, effective on August 1, 2016 and lastly amended on June 14, 2022 and effective on August 1, 2022. Pursuant to the Mobile Application Administrative Provisions, application information service providers shall obtain the relevant qualifications prescribed by laws and regulations, strictly implement their information content administrator responsibilities and carry out certain duties, including authenticate the real identity information of users, establish and complete information content inspection and management mechanisms, fulfill the data security protection obligations and regulate personal information processing activities. Furthermore, internet application information service providers shall sign service agreements with registered users, to determinate both sides’ rights and obligations.

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

REGULATIONS

REGULATIONS ON CARPOOLING SERVICES

Carpooling services are a relatively new business model and are rapidly evolving in China. On July 26, 2016, the General Office of the State Council promulgated the Guidelines on Deepening Reform and Promoting the Healthy Development of the Taxi Industry (國務院辦公廳關於深化改革推進出租汽車行業健康發展的指導意見), which became effective on July 26, 2016, to clearly define carpooling service (i.e. private car sharing/ride sharing) as sharing of journeys which private-car drivers share the information of their journeys online in advance and riders with similar route choose to ride with the driver and share part of the travel costs or for free. The municipal governments shall encourage and standardize the development of carpooling services and formulate corresponding regulations.

On July 27, 2016, the MOT, the MIIT, the MPS, MOFCOM, the SAMR and the CAC jointly promulgated the Interim Measures for the Management of Online Ride-Hailing Operation and Service (網絡預約出租汽車經營服務管理暫行辦法), which became effective on November 1, 2016 and amended on December 28, 2019 and November 30, 2022, to regulate the business activities of online ride-hailing services, and ensure operational safety for the passengers. Before carrying out online ride-hailing services, an online ride-hailing service platform company shall obtain the online ride-hailing operation permits (網絡預約出租汽車經營許可證) for online ride-hailing business and complete the record-filing of internet information services to the provincial authorities of communications administration in the place of its enterprise registration. Carpooling services (i.e. private car sharing/ride sharing) shall be subject to rules promulgated by the municipal authorities. Therefore, carpooling is not subject to the licensing regime that applies to online ride-hailing services. Nevertheless, a carpooling service provider generally is required to obtain a business license (營業執照) under the Company Law of the People's Republic of China (中華人民共和國公司法) and certain VATS License for operating the website or mobile app through which it provides services under the Telecommunications Regulations, the Telecommunications Measures and the Internet Measures. See “Regulations—Regulations on Foreign Investment in Value-Added Telecommunications Businesses.”

On September 10, 2018, the General Office of the MOT and the General Office of the MPS jointly promulgated the Emergency Notice on Further Strengthening the Safety Management of Online Reservation of Taxis and Carpooling of Private Vehicles (關於進一步加強網絡預約出租汽車和私人小客車合乘安全管理的緊急通知), which provides that platforms engaged in providing carpooling marketplace services shall implement background checks on all private car owners by reference to relevant requirements of taxi driver background check and supervision. Specifically, carpooling platforms shall strictly standardize the matching process, shall not assign orders to private car owners before completing background checks, and shall apply facial recognition and other technologies to check the consistency between vehicles and private car owners before order matching. Moreover, carpooling platforms shall enhance personal information protection and standardize the safety requirements for vehicles. We may be subject to liability for injury or damage resulting from car accidents if we fail to fulfill these obligations.

REGULATIONS

Except for the guidelines on the national level, many municipal authorities have promulgated instructional implementing rules to clarify that the carpooling services are not defined as transportation business and further stipulate the requirements for carpooling service platform, vehicles and drivers, including the limitation on the number of daily carpooling times, the standard of cost sharing, the data ingestion or filing requirements and background checks requirements. For example, (1) on December 21, 2016, Beijing Commission of Transport, Beijing Public Security Bureau, Beijing Administration for Industry and Commerce, Beijing Communications Administration and Beijing Cyberspace Administration promulgated Guidance on Private Carpooling in Beijing, which stipulates that both parties who share the private car together can reasonably share the cost of oil, gas, electricity and road toll. In addition, each vehicle can be dispatched no more than two times per day; (2) on December 21, 2016, Shanghai Commission of Transport, Shanghai Cyberspace Administration, Shanghai Public Security Bureau, Shanghai Administration for Industry and Commerce and Shanghai Communications Administration announced Opinions on the Implementation of Standardizing the Private Carpooling in Shanghai, stipulate that platforms engaged in providing carpooling service information shall file with the municipal traffic administrative department 20 days before providing information services. Sharing carpooling cost and its standard are reasonably determined by the platform in accordance with relevant national regulations. In addition, the carpooling services provided by each car is temporarily limited to two times per day and more than one order can be matched in one trip; (3) on December 31, 2021, Guangzhou Commission of Transport and Guangzhou Public Security Bureau issued Opinions on the Investigation and Punishment of Illegal Operation of Road Passenger Transport Involved the Identification of Private Passenger Carpooling (the “Guangzhou Opinions”) which became effective on the same day and would last for five years. The Guangzhou Opinions stipulate that the cost of private carpooling is limited to the direct costs such as the vehicle fuel (electricity) cost and road toll, and the cost-sharing of a single mileage shall not exceed 50% of the renewal price of the taxi mileage in Guangzhou. Besides, no starting price may be set or the cost-sharing can be charged on the basis of the time of carpooling. The Guangzhou Opinions further require that if the riders share part of the carpooling cost, the driver can offer the carpooling services no more than three times in the whole day, and no more than two orders can be matched in one trip; if the carpooling is free, the number of providing carpooling services for driver is unlimited; and (4) on August 3, 2022, Shenzhen Commission of Transport issued Opinions on Standardizing the Private Carpooling in Shenzhen (the “Shenzhen Opinions”), which became effective on August 25, 2022 and would last for five years. The Shenzhen Opinions stipulate that the cost of private carpooling is limited to the direct costs, such as the vehicle fuel and road toll, and the cost-sharing of a single mileage shall not exceed 50% of the renewal price of the taxi mileage (excluding starting price, waiting-time fee, return fee, surcharge, reservation service fee, and large baggage fee). The Shenzhen Opinions further provide that carpooling platforms shall not provide information services to the same vehicle for more than three times in a day.

REGULATIONS

As advised by our PRC legal advisors, as of the Latest Practicable Date, among the 46 cities where we conducted on-site consultations, municipal regulators in 23 cities have promulgated implementation rules for platforms engaged in carpooling services, and municipal regulators in eight cities have published rules (draft for comments), while the remaining cities have not yet promulgated specific rules on the subject. These implementation rules primarily govern all or part of the following aspects:

- *Daily limit on the number of carpooling trips/rides.* Among the 46 cities, (1) the municipal regulators in 17 cities impose a daily limit on the number of carpooling trips that a private car owner can provide, (2) the municipal regulator in two cities do not quantify such daily limit, and (3) the municipal regulators in the remaining 27 cities are silent on the subject. Based on the textual understanding of the relevant implementation rules and the regulatory assurance obtained from the local municipal regulators with respect to the 17 cities which impose the daily limits abovementioned, among the 17 cities, (1) six of them set the daily limit on the number of times of carpooling trips at “two times,” with the municipal regulator in one city further requiring that no more than two orders can be matched in one trip, (2) four of them set the daily limit on the number of times of carpooling trips at “three times,” with the municipal regulator in two cities further requiring that no more than two orders can be matched in one trip, and (3) the remaining seven of them set the daily limit on the number of times of carpooling trips at “four times.”
- *Sharing of travel cost.* Among the 46 cities, (1) the municipal regulators in 10 cities require that the ride fare per kilometer for carpooling trips be capped at half the price of local taxi rides, (2) the municipal regulators in 11 cities merely itemize certain aspects of cost, including gas fees and toll fees, that may be shared but do not offer any specific guidance or quantification on the computation of ride fares, (3) the municipal regulator in one city provides that standard of ride cost sharing shall be determined by carpooling platforms on a reasonable basis pursuant to applicable national regulations, (4) the municipal regulator in one city does not quantify such cost sharing requirement, and (5) the municipal regulators in the remaining 23 cities are silent on the cost sharing requirement.
- *Filing requirement and data sharing mechanism.* Several cities, including Shanghai and Tianjin, have both filing and data sharing requirements. Some other cities, including Harbin and Jinhua, only require platforms to maintain a data sharing mechanism with municipal transportation authorities with an oversight on carpooling. And Dalian only requires platforms to complete filing at municipal transportation authorities.
- *Background check and verification of private car owners and their vehicles.* A few cities, including Shanghai, require platforms to conduct background check of the private car owners’ identity, years of driving experience, criminal records and other personal information, and/or verify the information of their vehicles to be used for carpooling, including the vehicle plate, annual inspection records and insurance information.

REGULATIONS

REGULATIONS ON TAXI ONLINE-HAILING SERVICES

On July 9, 2014, the General Office of the MOT promulgated the Notice on Promoting the Orderly Development of Taxi Online-Hailing Services by Mobile Phone Software (關於促進手機軟件召車等出租汽車電召服務有序發展的通知), which, among others, (1) requires local transportation authorities to strengthen market supervision of mobile phone taxi online-hailing services to protect the legitimate rights and interests of all parties; (2) encourages mobile phone taxi online-hailing information service providers to take advantage of their strengths, strengthen order management, optimize order dispatch rules, improve service levels, and participate in the construction of taxi service management information platform and technological transformation; and (3) requires local transportation authorities to accelerate the establishment and improvement of taxi service management information systems.

On August 26, 2016, the MOT promulgated the Provisions on the Administration of Cruising Taxi Operating Services (巡遊出租汽車經營服務管理規定) (the “Cruising Taxi Administration Provisions”), as amended on August 11, 2021, provides that (1) cruising taxi online-hailing services refer to provision of taxi services at the agreed time and location according to service requirements of passengers by means of telecommunications or the internet; (2) platforms providing taxi online-hailing services shall provide 24-hour non-stop services and dispatch taxis in due course according to service requirements from passengers; and (3) cruising taxi drivers shall arrive at the agreed time and location according to service requirements of passengers, communicate with taxi online-hailing service providers or passengers when the passengers fail to wait at the agreed location on time, and confirm with taxi online-hailing service providers when passengers get on the taxis. The Cruising Taxi Administration Provisions further provides that taxi online-hailing services shall be developed in different places based on actual conditions to establish and improve the management of online-hailing services system, and cruising taxi operators shall build or connect to the cruising taxi e-hailing service platform based on actual conditions to provide cruising taxi e-hailing services. Under the Cruising Taxi Administration Provisions, taxi online-hailing services are not subject to any specific licensing regime. Nevertheless, a taxi online-hailing service provider generally is required to obtain a business license (營業執照) under the Company Law of the People’s Republic of China (中華人民共和國公司法) and certain VATS License for operating the website or mobile app through which it provides services under the Telecommunications Regulations, the Telecommunications Measures and the Internet Measures. See “Regulations—Regulations on Foreign Investment in Value-Added Telecommunications Businesses.”

REGULATIONS

REGULATIONS ON CYBERSECURITY, DATA SECURITY AND PROTECTION OF PERSONAL INFORMATION

Regulations Relating to Cybersecurity and data security

On December 13, 2005, the MPS, issued the Regulations on Technological Measures for Internet Security Protection (互聯網安全保護技術措施規定) (the “Internet Protection Measures”), effective on March 1, 2006. The Internet Protection Measures requires internet service providers to take proper measures including anti-virus, data back-up and other related measures, and to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, discover and detect illegal information, stop transmission of such information, and keep relevant records. Internet services providers are prohibited from unauthorized disclosure of users’ information to any third parties unless such disclosure is required by laws and regulations. Internet services providers are further required to establish management systems and take technological measures to safeguard the freedom and secrecy of the users’ correspondences. Under the Administrative Measures for the Multi-level Protection of Information Security (信息安全等級保護管理辦法) (the “Measures for the Multi-level Protection”), which was promulgated jointly by the MPS and certain other PRC government authorities on June 22, 2007 and became effective on June 22, 2007, the national multi-level protection of the information security shall follow the principle of “independent grading and independent protection”. Companies operating information systems shall determine the security protection level of the information system pursuant to the Measures for the Multi-level Protection and the Guidelines for Grading of Classified Protection of Cybersecurity (網絡安全等級保護定級指南) (the “Guidelines for Grading”), and report the level to the relevant department for examination and approval. According to the Measures for the Multi-level Protection and the Guidelines for Grading, the security protection of an information system may be classified into five levels and any system equal to or above level II as determined in accordance with these measures, a record-filing with the competent authority is required.

According to Cybersecurity Law of the People’s Republic of China (中華人民共和國網絡安全法), which were promulgated by Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) (the “SCNPC”) on November 7, 2016 and effective on June 1, 2017, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties, and network operators of critical information infrastructure shall store within the territory of the PRC all personal information and important data collected and produced within the territory of the PRC. The purchase of network products and services that may affect national security shall be subject to national cybersecurity review.

REGULATIONS

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (中華人民共和國數據安全法), which came into effect on September 1, 2021. The Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data shall designate the personnel and the management body responsible for data security, carry out risk assessments for its data processing activities and file the risk assessment reports with the competent authorities. In addition, the Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information. No entity or individual within the territory of the PRC may provide foreign judicial or law enforcement authorities with the data stored within the territory of the PRC without the approval of the competent PRC authorities.

On July 30, 2021, the State Council promulgated the Regulations of Security Protection for Critical Information Infrastructure (關鍵信息基礎設施安全保護條例), which went into effect on September 1, 2021. The regulations provide that, among others, critical information infrastructure means key network facilities and information systems in important industries such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government, defense technology industry and others that may seriously harm national security, national economy, people's livelihood and public interests once damaged, disabled or its data disclosed. Pursuant to such regulations, the relevant government authorities are responsible for stipulating rules for the identification of critical information infrastructures with reference to several factors set forth therein and further identifying the critical information infrastructure in the related industries in accordance with such rules. The relevant authorities must also notify operators of the determination as to whether they are categorized as critical information infrastructure operators.

On November 14, 2021, the CAC published a draft of the Administrative Regulations for Internet Data Security (網絡數據安全管理條例(徵求意見稿)) (the "Draft Cyber Data Security Regulations"), providing that data processors conducting the following activities must apply for cybersecurity review: (i) merger, reorganization, or division of internet platform operators that have acquired a large number of data resources related to national security, economic development, or public interests affects or may affect national security; (ii) a foreign listing by data processors processing over one million users' personal information; (iii) listing in Hong Kong that affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. However, the criteria for determining "affect or may affect national security" as stipulated therein remain subject to further explanations and elaborations. The CAC solicited comments until December 13, 2021, but there is no timetable as to when it will be enacted.

On December 28, 2021, the CAC, the NDRC, the MIIT and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures (網絡安全審查辦法), which became effective on February 15, 2022 and replaced the Cybersecurity Review Measures published on April 13, 2020. Pursuant to Cybersecurity Review Measures, critical information infrastructure operators

REGULATIONS

that purchase network products and services, and network platform operators engaging in data processing activities that affect or may affect national security are subject to cybersecurity review under the Cybersecurity Review Measures. In addition, network platform operators who possess personal information of more than one million users and intend to be listed at a foreign stock exchange must be subject to the cybersecurity review.

On December 31, 2021, the CAC, the MIIT, the MPS, and the SAMR jointly promulgated the Administrative Provisions on Internet Information Service Algorithm-Based Recommendation (互聯網信息服務算法推薦管理規定), which took effect on March 1, 2022. The Administrative Provisions on Internet Information Service Algorithm-Based Recommendation implements classification and hierarchical management for algorithm recommendation service providers based on varies criteria. Moreover, it requires algorithmic recommendation service providers to provide users with options that are not specific to their personal characteristics, or provide users with convenient options to cancel algorithmic recommendation services. If the users choose to cancel the algorithm recommendation service, the algorithm recommendation service provider shall immediately stop providing relevant services. Algorithmic recommendation service providers shall also provide users with the function to select or delete user labels that are based on personal characteristics and used for algorithmic recommendation services.

On July 7, 2022, the CAC promulgated the Data Outbound Transfer Security Assessment Measures (數據出境安全評估辦法) (the “Security Assessment Measures”), which became effective on September 1, 2022. The Security Assessment Measures provide that, among others, data processors shall apply to competent authorities for security assessment when (1) the data processors transferring important data abroad; (2) a critical information infrastructure operator and personal information processor that has processed personal information of more than one million people, transferring personal information abroad; (3) a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients, in each case as calculated cumulatively, since January 1 of the last year, and (4) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC.

Regulations Relating to Protection of Personal Information

Under the Several Provisions on Regulating the Market Order of Internet Information Services (規範互聯網信息服務市場秩序若干規定) (the “Internet Information Services Provisions”) issued by the MIIT in 2011, without the consent of users, internet information service providers shall not collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information (hereinafter referred to as “User Personal Information”), nor shall they provide User Personal Information to others, unless otherwise required by laws and administrative regulations. An internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information necessary for the provision of its services. An internet information service provider is also required to properly keep the user personal information, and in case of any leak or likely leak of the user personal information, the internet information service provider must take immediate remedial measures and, in severe circumstances, to make an immediate report to the telecommunications regulatory authority.

REGULATIONS

In addition, pursuant to the Decision on Strengthening the Protection of Online Information (關於加強網絡信息保護的決定) issued by the SCNPC on December 28, 2012 and the Order for the Protection of Telecommunication and Internet User Personal Information (電信和互聯網用戶個人信息保護規定) issued by the MIIT on July 16, 2013, any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying any such information, or selling or providing such information to other parties. Any violation of the above decision or order may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites and/or even criminal liabilities. Furthermore, the Mobile Application Administrative Provisions strengthens the regulation of the mobile app information services. Pursuant to the Mobile Application Administrative Provisions, owners or operators of mobile apps that provide information services are required to be responsible for personal information protection, observe the principles of legality, appropriateness, necessity and good faith, and comply with the relevant provisions.

On November 28, 2019, the CAC, the MIIT, the MPS and the SAMR promulgated the Identification Method of Illegal Collection and Use of Personal Information Through App (APP違法違規收集使用個人信息行為認定方法), which provides guidance for the regulatory authorities to identify illegal collection and use of personal information through mobile apps, and for the app operators to conduct self-examination and self-correction and for other participants to voluntarily monitor compliance thereof. Pursuant to the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (常見類型移動互聯網應用程序必要個人信息範圍規定), which was promulgated jointly by the CAC, the MIIT, the MPS and the SAMR on March 12, 2021 and became effective on May 1, 2021, “necessary personal information” refers to personal information necessary for ensuring the normal operation of an application’s basic functional services. Specifically, it refers to the personal information of the consumers, excluding the personal information of the suppliers. Any mobile internet application shall not refuse users to use its basic functional services on the ground that users disagree to provide unnecessary personal information.

On August 16, 2021, the CAC and certain other government authorities in PRC issued the Several Provisions on Car Data Security Management (for Trial) (汽車數據安全管理若干規定(試行)), which took effect on October 1, 2021. The several provisions provide that the processing of car data by car data processors shall be legal, proper, specific and clear, and shall be directly related to the design, production, sales, use, operation and maintenance of cars. Car data processors who carry out important data processing activities shall carry out risk assessments and submit risk assessment reports to the relevant government authorities.

On August 20, 2021, the Personal Information Protection Law (個人信息保護法) was passed by the SCNPC and went into effect on November 1, 2021. The Personal Information Protection Law requires, among others, that the processing of personal information should have a clear and reasonable purpose and should be limited to the minimum scope necessary to achieve the processing purpose, adopt a method that has the least impact on personal rights and interests, and shall not process personal information that is not related to the processing purpose.

REGULATIONS

On May 8, 2017, the Supreme People’s Court (中華人民共和國最高人民法院) and the Supreme People’s Procuratorate (中華人民共和國最高人民檢察院) released the Interpretations of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens’ Personal Information (最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋) (the “Interpretations”), effective on June 1, 2017. The Interpretations clarifies several concepts regarding the crime of “infringement of citizens’ personal information” stipulated by Article 253A of the Criminal Law of the People’s Republic of China (中華人民共和國刑法), including “citizen’s personal information,” “provision” and “unlawful acquisition.” The Interpretations also specifies the standards for determining “serious circumstances” and “particularly serious circumstances” of this crime.

The Administrative Provisions on the Account Information of Internet Users (互聯網用戶賬號信息管理規定), which was promulgated by the CAC on June 27, 2022 and became effective on August 1, 2022, sets out guidelines on the provision the account information of internet users. Internet-based information service providers shall perform their responsibilities as the administrative subjects of the account information of internet users, have in place professionals and technical capacity appropriate to the scale of services, and establish, improve and strictly implement the authentication of real identity information, verification of account information, security of information content, ecological governance, emergency responses, protection of personal information and other management systems.

REGULATION OF THE PAYMENT SERVICES

According to the Measures for the Administration of Payment Services of Non-Financial Institutions (非金融機構支付服務管理辦法), which were promulgated by the PBOC on June 14, 2010, effective on September 1, 2010 and amended on April 29, 2020, and the Implementing Rules for the Measures for the Administration of Payment Services of Non-Financial Institution (非金融機構支付服務管理辦法實施細則), which were promulgated by the PBOC, effective on December 1, 2010 and last amended on September 1, 2021, payment services provided by non-financial institutions refer to some or all of the following monetary capital transfer services provided by non-financial institutions as intermediary agencies between payers and payees: (1) payment through the internet; (2) issuance and acceptance of prepaid cards; (3) bankcard acquiring; and (4) other payment services as determined by the PBOC. Non-financial institutions that provide payment services shall obtain a Payment Business License and become a “payment institution.” Payment Business License is valid for five years from the date of issuance. Payment institutions shall carry out business activities in compliance with the scope of business approved by the Payment Business License, and shall not outsource any business, transfer, lease, or lend its Payment Business License. Any non-financial institution or individual shall not directly or indirectly engage in payment business without the approval of the PBOC.

REGULATIONS

REGULATIONS RELATING TO ADVERTISING BUSINESS

PRC advertising laws and regulations, including the Advertisement Law of PRC (2021 Revision) (中華人民共和國廣告法(2021修正)), promulgated by SCNPC on April 29, 2021 and became effective on the same day, set forth certain content requirements for advertisements in the PRC including, among other things, prohibitions on false or misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisers, advertising agencies, and advertising distributors are required to ensure that the content of the advertisements they prepare or distribute is true and in full compliance with applicable law. In providing advertising services, advertising operators and advertising distributors must review the supporting documents provided by advertisers for advertisements and verify that the content of the advertisements complies with applicable PRC laws and regulations.

On February 25, 2023, the SAMR promulgated the Measures on Internet Advertising (互聯網廣告管理辦法) (the “Internet Advertising Measures”), which became effective on May 1, 2023 and replaced the Interim Measures on Internet Advertising (互聯網廣告管理暫行辦法), to regulate any advertisement published on the internet, including but not limited to, through websites, webpage and apps, in the form of word, picture, audio and video and provides more detailed guidelines to the advertisers, advertising operators and advertising distributors. Internet advertisers are responsible for the authenticity of the content of advertisements and may publish advertisements by setting up a website or an internet medium owned by them, or by entrusting internet advertising operators or advertising publishers to publish advertisements. Internet platform operators must take measures in the process of providing Internet information services to prevent and stop illegal advertisements. In addition, it is not allowed to cheat or mislead users to click on or browse advertisements in the following ways: (1) false system or software updates, error reporting, removal, notice and other prompts; (2) false signs such as playing, starting, pausing, stopping, and returning; (3) false reward promises; and (4) other methods to cheat or mislead users. The market regulation administrative department is the relevant local administrative authority that supervises and enforces punishments for any illegal act in internet advertising. Any violation of the Internet Advertising Measures may result in fines, prohibition of publishing advertisements for a period of time or withdrawal of business licenses, and other penalties.

REGULATIONS ON UNFAIR COMPETITION AND ANTI-MONEY LAUNDERING

According to the Law of the People’s Republic of China against Unfair Competition (中華人民共和國反不正當競爭法) (the “Anti-Unfair Competition Law”) promulgated by the SCNPC on September 2, 1993 and amended on November 4, 2017 and April 23, 2019, operators shall not undermine their competitors by engaging in improper activities, including but not limited to, taking advantage of powers or influence to affect a transaction, market confusion, commercial bribery, misleading false publicity, infringement of trade secrets, illegitimate premium sale and commercial libel. Any operators who violate the Anti-Unfair Competition Law by engaging in the foregoing unfair competitive activities shall be ordered to cease such illegal activities, eliminate the influence of such activities or compensate for the damages caused to any party. The competent supervision and inspection authorities may also confiscate the illegal gains or impose fines on such operators.

REGULATIONS

According to the Anti-money Laundering Law of the PRC (中華人民共和國反洗錢法), which became effective on January 1, 2007, anti-money laundering refers to the adoption of relevant measures stipulated in anti-money laundering laws to prevent money laundering activities by various means to hide or conceal the source and nature of gains and other profits from drug offences, organized crime, terrorist activities, smuggling, corruption and bribery, disruption of financial order, and financial fraud. Any organization or individual shall have the right to report any discovery of money laundering to anti-money laundering administrative authorities or the public security department. The agency that accepts the report shall maintain in confidence the informant's identity and the contents of the report.

REGULATIONS ON ANTI-MONOPOLY MATTERS RELATED TO INTERNET PLATFORM COMPANIES

The principle regulations that govern Anti-monopoly matters in PRC mainly include: (i) the Anti-monopoly Law of the PRC (中華人民共和國反壟斷法), which was promulgated by the SCNPC on August 30 and the latest revision took effect on August 1, 2022; and (ii) the Anti-monopoly Commission of the State Council (國務院反壟斷委員會) issued the Anti-monopoly Compliance Guideline for Operators (經營者反壟斷合規指南) on September 11, 2020. These laws and regulations prohibit monopolistic conduct, such as entering into monopoly agreements, abuse of dominant market position and concentration of undertakings that have the effect of eliminating or restricting competition and require business operators to establish Anti-monopoly compliance management systems to prevent Anti-monopoly compliance risks.

On February 7, 2021, the Anti-monopoly Commission of the State Council issued the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (關於平台經濟領域的反壟斷指南) which specifies that certain activities of internet platforms may be identified as monopolistic and that concentrations of undertakings involving variable interest entities are subject to anti-monopoly scrutiny. On March 10, 2023, the SAMR promulgated the Provisions on Prohibition of Monopoly Agreements (禁止壟斷協議規定), the Provisions on Prohibiting Abuse of Dominant Market Positions (禁止濫用市場支配地位行為規定), and the Provisions on the Examination of Concentrations of Undertakings (經營者集中審查規定). These provisions further elaborate on the factors to be considered in assessing monopoly agreements, abusive practices and concentrations of undertakings.

REGULATIONS RELATING TO OVERSEAS OFFERING AND LISTINGS

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Measures and five supporting guidelines, which came into effect on March 31, 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a

REGULATIONS

domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for initial public offering and listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

The Trial Measures also set forth the issuer's reporting obligations in the event of occurrence of material events (the "Material Events") after the Overseas Offering and Listing. The issuer shall submit a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant Material Event, including (1) changes in the controlling rights; (2) being subject to investigation, punishment or other measures by overseas securities regulatory authorities or the relevant authorities; (3) changing listing status or changing the listing board; and (4) voluntary or compulsory termination of listing. Besides, if any material change in the principal business and operation of the issuer after its Overseas Offering and Listing makes the issuer no longer within the scope of record-filing, the issuer shall submit a special report and a legal opinion issued by a PRC domestic law firm to the CSRC within three working days after the occurrence of the relevant change to provide an explanation of the relevant situation.

According to the Trial Measures, the PRC domestic enterprises engaging in Overseas Offering and Listing activities shall strictly comply with the laws, administrative regulations, and relevant provisions of the PRC government on foreign investment, State-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interest and the legitimate rights and interests of domestic investors. The PRC domestic enterprise that conducts Overseas Offering and Listing shall (1) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; and (2) abide by the legal system of the PRC on confidentiality and take necessary measures to implement the confidentiality responsibility, shall not divulge any state secret or the work secrets of state authorities, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provision of personal information and important data.

In addition, the Trial Measures provides the circumstances where the Overseas Offering and Listing is explicitly prohibited, including the following situations: (1) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (2) the Overseas Offering and Listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) the PRC domestic enterprise, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) the PRC

REGULATIONS

domestic enterprise is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (5) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice, which, among others, clarifies that (1) on or prior to the effective date of the Trial Measures, domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas offering and listing; (2) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States), but have not completed the indirect overseas listing; if domestic companies fail to complete the overseas listing within such six-month transition period, they shall file with the CSRC according to the requirements; and (3) the CSRC will solicit opinions from relevant regulatory authorities and complete the filing of the overseas listing of companies with contractual arrangements which duly meet the compliance requirements, and support the development and growth of these companies by enabling them to utilize two markets and two kinds of resources.

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) (the “Archives Rules”), which came into force on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. According to the Archives Rules, during an overseas offering and listing, if a domestic company needs to provide or publicly disclose to securities companies, securities service providers and overseas regulators, any materials that contain relevant state secrets, state agencies’ work secrets or have an adverse impact on the national security or public interests, the domestic company shall complete the relevant filing and/or approval and other regulatory procedures.

REGULATIONS

REGULATIONS ON M&A RULES

On August 8, 2006, six PRC regulatory agencies, including MOFCOM, SASAC, SAT, the SAMR, the CSRC and SAFE, issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “M&A Rules”), which were effective on September 8, 2006 and amended on June 22, 2009. Foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets. The M&A Rules purport to, among other things, require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

In addition, pursuant to the Circular of the General Office of State Council on Establishing the Security Review System for Merger and Acquisition of Domestic Enterprises by Foreign Investors (國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知), which was issued by the General Office of the State Council on February 3, 2011 and took effect on March 3, 2011, and the Provisions of the Ministry of Commerce on the Implementation of the Safety Review System for Merger and Acquisition of Domestic Enterprises by Foreign Investors (商務部實施外國投資者併購境內企業安全審查制度的規定), which was issued by MOFCOM and became effective in September 2011, mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including structuring the transaction through a proxy or contractual control arrangement.

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Lawfully and Strictly Cracking Down Illegal Securities Activities (關於依法從嚴打擊證券違法活動的意見), among which, it emphasizes the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, and provided that the special provisions of the State Council on overseas offering and listing by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory authorities will be clarified.

REGULATIONS

REGULATIONS RELATING TO FOREIGN EXCHANGE

Regulation on Foreign Currency Exchange

Pursuant to the Foreign Exchange Administration Regulations (外匯管理條例) which were promulgated by the State Council on January 29, 1996, effective on April 1, 1996 and last amended on August 5, 2008, Renminbi is freely convertible into other currencies for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless prior approval is obtained from SAFE and prior registration with SAFE is made.

Pursuant to the Circular of SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) (the “SAFE Circular No. 59”) promulgated by SAFE on November 19, 2012, which became effective on December 17, 2012 and was further amended on May 4, 2015, October 10, 2018 and December 30, 2019, approval is not required for the opening of an account entry in foreign exchange accounts under direct investment. SAFE Circular No. 59 also simplified the capital verification and confirmation formalities for foreign invested entities, the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire equities from Chinese party, and further improved the administration on exchange settlement of foreign exchange capital of foreign invested entities.

On March 30, 2015, SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the “Circular 19”) which were effective on June 1, 2015 and amended on December 30, 2019 and March 23, 2023. SAFE further promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Administration over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (the “Circular 16”) on June 9, 2016, which, among other things, amends certain provisions of the Circular 19. According to the Circular 19 and the Circular 16, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals and foreign debts from foreign currency into Renminbi on a discretionary basis, and the flow and use of the Renminbi capital converted from foreign currency denominated registered capital or foreign debt of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of the Circular 19 or Circular 16 could result in administrative penalties.

In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (關於印發<外國投資者境內直接投資外匯管理規定>及配套文件的通知) in May 2013 and amended on October 10, 2018 and December 30, 2019, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

REGULATIONS

On February 13, 2015, SAFE promulgated Notice of SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the “Circular 13”) which became effective on June 1, 2015 and was amended on December 30, 2019. The Circular 13 delegates the authority to enforce the foreign exchange registration in connection with the inbound and outbound direct investment under relevant SAFE rules to certain banks and therefore further simplifies the foreign exchange registration procedures for inbound and outbound direct investment.

On January 26, 2017, SAFE promulgated the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Administration (關於進一步推進外匯管理改革完善真實合規性審核的通知) (the “Circular 3”) which stipulates several capital regulatory measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (1) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (2) domestic entities shall hold income to account for previous years’ losses before remitting the profits. Moreover, pursuant to the Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, SAFE issued Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知), pursuant to which all foreign-invested enterprises can make domestic equity investments with their capital funds in accordance with the related laws.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

On July 4, 2014, SAFE promulgated the Circular on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “Circular 37”) for the purpose of simplifying the approval process, and for the promotion of the cross-border investment. The Circular 37 supersedes the Notice on Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicle and Investing Back in China by Domestic Residents (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), and revises and regulates the relevant matters involving foreign exchange registration for round-trip investment. Under Circular 37, (1) a resident in mainland China must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (an “Overseas SPV”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (2) following the initial registration, PRC resident must update his or her SAFE registration when the Overseas SPV undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term, increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions).

Pursuant to Circular 13, the aforementioned registration shall be directly reviewed and handled by qualified banks, and SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

REGULATIONS

Failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange regulations.

Regulations on Stock Incentive Plans

On February 15, 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) (the “Stock Option Rules”). According to the Stock Option Rules, individuals participating in any stock incentive plan of any overseas publicly listed company, who are Chinese citizens or foreign citizens who reside in mainland China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE or its local branches and complete certain other procedures through a domestic qualified agent, which could be a Chinese subsidiary of such overseas listed company. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the agent in mainland China is required to further amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the mainland Chinese agent or the overseas entrusted institution or other material changes. The mainland Chinese agents must, on behalf of the mainland Chinese residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the mainland Chinese residents’ exercise of the employee share options. The foreign exchange proceeds received by the mainland Chinese residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in mainland China opened by the mainland Chinese agents before distribution to such mainland Chinese residents. Under the Circular of the State Administration of Taxation on Issues Concerning Individual Income Tax in Relation to Equity Incentives (國家稅務總局關於股權激勵有關個人所得稅問題的通知) promulgated by the SAT, and effective from August 24, 2009 and amended in April 18, 2011, listed companies and their domestic organizations shall, according to the individual income tax calculation methods for “wage and salary income” and stock option income, lawfully withhold and pay individual income tax on such income.

REGULATION ON INTELLECTUAL PROPERTY

Copyright and Software Products

On September 7, 1990, the SCNPC promulgated Copyright Law of the PRC (中華人民共和國著作權法) (the “Copyright Law”) which was effective on June 1, 1991 and lastly amended on November 11, 2020. The Copyright Law provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer

REGULATIONS

software. In addition, internet activities, products disseminated over the internet and software products also enjoy copyright. There is a voluntary registration system administered by Copyright Protection Center of China (中國版權保護中心) (the “CPCC”).

In order to further implement the Computer Software Protection Regulations (計算機軟件保護條例) which were promulgated by the State Council on December 20, 2001, effective on January 1, 2002 and amended on January 30, 2013, the National Copyright Administration of China (國家版權局) issued the Computer Software Copyright Registration Procedures (計算機軟件著作權登記辦法) on February 20, 2002, which applies to software copyright registration, license contract registration and transfer contract registration. The National Copyright Administration of China shall be the competent authority for the nationwide administration of software copyright registration and the CPCC is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which conform to the provisions of both the Computer Software Copyright Registration Measures and the Computer Software Protection Regulations.

Provisions of the Supreme People’s Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks (最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定) provide that web users or web service providers who provide works, performances or audio-video products, for which others have the right of dissemination through information networks or are available on any information network without authorization shall be deemed to have infringed upon the right of dissemination through information networks.

Trademarks

Trademarks are protected by the PRC Trademark Law (中華人民共和國商標法) promulgated by the SCNPC on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 as well as the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014. The Trademark Office handles trademark registrations and grants a term of 10 years to registered trademarks and another 10 years if requested upon expiry of the first or any renewed ten-year term. Trademark registrant may license its registered trademark to another party by entering into a trademark license agreement. Trademark license agreements must be filed with the Trademark Office to be recorded. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. The PRC Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use. Trademark license agreements should be filed with the Trademark Office or its regional offices.

REGULATIONS

Domain Names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Internet Domain Names (互聯網域名管理辦法) which were promulgated by the MIIT on August 24, 2017 and effective on November 1, 2017 and the Implementing Rules on the Registration of National Top-level Domain Names (國家頂級域名註冊實施細則) which were promulgated by China Internet Network Information Center (中國互聯網絡信息中心) and effective on June 18, 2019. Domain name owners are required to register their domain names, and the MIIT is in charge of the administration of PRC internet domain names. The domain name services follow a “first come, first file” principle. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

The Patent Law

According to the Patent Law of the PRC (中華人民共和國專利法) (which were promulgated by the SCNPC on December 27, 2008 and amended on October 17, 2020 and the revised version of which became effective on June 1, 2021) and its Implementation Rules (中華人民共和國專利法實施細則) (which were promulgated by the State Council on December 11, 2023 and became effective on January 20, 2024), the patent administrative department under the State Council is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, “invention,” “utility model” and “design.” Invention patents, design patents and utility model patents are valid respectively for 20 years, 15 years and 10 years, from the date of application. The Chinese patent system adopts a “first come, first file” principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

REGULATIONS ON TAXES

Enterprise Income Tax

Pursuant to the People’s Republic of China Enterprise Income Tax Law (中華人民共和國企業所得稅法) (the “EIT Law”), which was promulgated by SCNPC on March 16, 2007, effective on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, and its implementing rules, enterprises are classified into resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%. According to the EIT Law, the EIT tax rate of a high and new technology enterprise is 15%. Pursuant to the Administrative Measures for the

REGULATIONS

Recognition of High and New Technology Enterprises (高新技術企業認定管理辦法) which were promulgated by Ministry of Science and Technology, Ministry of Finance (中華人民共和國財政部) (the “MOF”) and SAT on January 29, 2016 and effective on January 1, 2016, the Certificate of a High and New Technology Enterprise is valid for three years.

The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People’s Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) promulgated by SAT on April 22, 2009, took effect on January 1, 2008, and amended on December 29, 2017, sets out the standards and procedures for determining whether the “de facto management body” of an enterprise registered outside of mainland China and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups is located within mainland China.

On July 27, 2011, the SAT issued a trial version of the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (境外註冊中資控股居民企業所得稅管理辦法(試行)), which came into effect on September 1, 2011 and was last amended on June 15, 2018, to clarify certain issues in the areas of resident status determination, post-determination administration and competent tax authorities’ procedures.

The EIT Law and the implementation rules provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are “non-resident enterprises,” and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the “Double Tax Avoidance Arrangement”) promulgated by the SAT on August 21, 2006, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (關於執行稅收協定股息條款有關問題的通知) which was promulgated and effective on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. The Circular on Several Issues regarding the “Beneficial Owner” in Tax Treaties (關於稅收協定中“受益所有人”有關問題的公告) (the “Circular 9”) which was issued on February 3, 2018 by the SAT and effective on April 1, 2018 describes factors in favor of and factors not conducive to the determination of an applicant’s status as a “beneficial owner.”

REGULATIONS

The Announcement of the State Administration of Taxation on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-resident Enterprises (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (the “SAT Bulletin 7”) issued by the SAT on February 3, 2015 and last amended on December 29, 2017, extends its tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. Pursuant to SAT Bulletin 7, where a non-resident enterprise indirectly transfers properties such as equity in PRC resident enterprises without any justifiable business purposes and aiming to avoid the payment of enterprise income tax, such indirect transfer must be reclassified as a direct transfer of equity in PRC resident enterprise. To assess whether an indirect transfer of PRC taxable properties has reasonable commercial purposes, all arrangements related to the indirect transfer must be considered comprehensively and factors set forth in SAT Bulletin 7 must be comprehensively analyzed in light of the actual circumstances. In addition, SAT Bulletin 7 has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market.

The Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告) (the “SAT Bulletin 37”) issued by the SAT on October 17, 2017 and amended on June 15, 2018, further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Value-added Tax and Business Tax

According to the Provisional Regulations on Value-added Tax (增值稅暫行條例) promulgated by the State Council on December 13, 1993 and amended on November 10 2008, February 6, 2016, and November 19, 2017, and the Implementing Rules of the Provisional Regulations on Value-added Tax (增值稅暫行條例實施細則) promulgated by MOF on December 25, 1993 and amended on December 15, 2008 and October 28, 2011 (collectively, the “VAT Law”), all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay value-added tax. Unless provided otherwise, for general VAT taxpayers selling services and intangible assets, including carpooling service providers like us, the value-added tax rate is 6%.

On April 4, 2018, MOF and SAT jointly promulgated the Circular of the Ministry of Finance and the State Administration of Taxation on Adjustment of Value-Added Tax Rates (財政部、稅務總局關於調整增值稅稅率的通知) (the “Circular 32”) according to which, (1) for VAT taxable sales or importation of goods originally subject to value-added tax rates of 17% and 11% respectively, such tax rates shall be adjusted to 16% and 10%, respectively; (2) for purchase of agricultural products originally subject to deduction rate of 11%, such deduction rate shall be adjusted to 10%; (3) for purchase of agricultural products for the purpose of production and sales or consigned processing of goods subject to tax rate of 16%, the input VAT will be calculated at a 12% deduction rate; (4) for exported goods originally subject to tax rate of 17% and export tax refund rate of 17%, the export tax refund rate shall be adjusted to 16%; and (5) for exported goods and cross-border taxable acts originally subject to tax rate of 11% and export tax refund rate of 11%, the export tax refund rate shall be adjusted to 10%. Circular 32 became effective on May 1, 2018 and shall supersede any previously existing provisions in the case of any inconsistency.

REGULATIONS

Further, On March 20, 2019, the MOF, the SAT and the General Administration of Customs (中華人民共和國海關總署) jointly issued the Announcement on Policies for Deepening the VAT Reform (關於深化增值稅改革有關政策的公告) (the “Announcement 39”) to further slash value-added tax rates. According to the Announcement 39, (1) for general VAT payers’ sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (2) for the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; (3) for the agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (4) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and (5) for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%. The Announcement 39 came into effect on April 1, 2019 and shall prevail in case of any conflict with existing provisions.

Regulations Relating to Dividend Withholding Tax

Pursuant to the EIT Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment in the PRC but the income derived has no actual connection with such organization or establishment in the PRC, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Double Tax Avoidance Arrangement, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (國家稅務總局關於執行稅收協定股息條款有關問題的通知) (the “Circular 81”), if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Furthermore, the SAT issued the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (國家稅務總局關於發佈<非居民納稅人享受協定待遇管理辦法>的公告) (the “SAT Circular 35”) on October 14, 2019, which became effective on January 1, 2020. According to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. According to the Circular 9, when determining the applicant’s status of the “beneficial owner” regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely

REGULATIONS

low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. The Circular 9 further provides that applicants who intend to prove his or her status of the “beneficial owner” shall submit the relevant documents to the relevant tax bureau according to the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

The Labor Contract Law

Pursuant to the PRC Labor Law (中華人民共和國勞動法) which was promulgated by the SCNPC on July 5, 1994, effective on January 1, 1995 and amended on August 27, 2009 and December 29, 2018, the PRC Labor Contract Law (中華人民共和國勞動合同法) which was promulgated by the SCNPC on June 29, 2007, effective on January 1, 2008 and amended on December 28, 2012, and the Implementing Regulations of the Employment Contracts Law (中華人民共和國勞動合同法實施條例) which were promulgated by the State Council and effective on September 18, 2008, labor relationships between employers and employees must be executed in written form. Wages may not be lower than the local minimum wage. Employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant education to its employees. Employees are also required to work in safe and sanitary conditions.

Social Insurance and Housing Fund

Under PRC laws, rules and regulations, including the Social Insurance Law (中華人民共和國社會保險法) which was promulgated by the State Council on October 28, 2010, effective on July 1, 2011 and amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Security Funds (社會保險費徵繳暫行條例) which were promulgated by the State Council and effective on January 22, 1999 and amended on March 24, 2019, and the Regulations on the Administration of Housing Accumulation Funds (住房公積金管理條例) which were promulgated by the State Council, effective on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and housing accumulation funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the deficit amount.

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the F&S Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCES OF INFORMATION

This section includes information from the F&S Report, a report commissioned by us, as we believe such information imparts a greater understanding of the industry in which we operate to potential investors. Frost & Sullivan is a global consulting company and an independent third party founded in 1961. We have agreed to pay a total of RMB400,000 in fees to Frost & Sullivan for its commissioned undertakings. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the F&S Report. Figures and statistics provided in this prospectus and attributed to Frost & Sullivan or the F&S Report have been extracted from the F&S Report and published with the consent of Frost & Sullivan.

In preparing the F&S Report, Frost & Sullivan conducted detailed primary research which involved conducting interviews with industry insiders including leading market players, suppliers, customers and recognized third-party industry associations, and secondary research which involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Frost & Sullivan also assumed that (1) China's economy is expected to maintain its steady growth in the next decade, (2) China's social, economic and political environment are expected to remain stable in the forecast period, and (3) relevant market drivers are expected to continue to drive the growth of relevant markets in the forecast period.

DIRECTORS' CONFIRMATION

After making reasonable inquiries, our Directors confirm that there has been no adverse change in the market information presented in the F&S Report since the date of the report which may qualify, contradict or have an impact on the information in this prospectus.

INDUSTRY OVERVIEW

OVERVIEW OF CHINA'S GROUND PASSENGER TRANSPORTATION MARKET

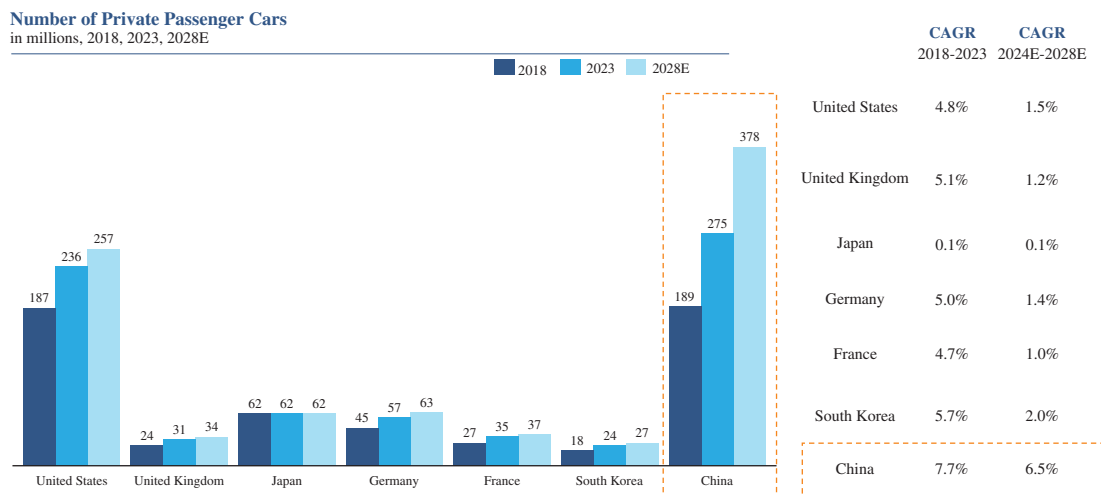
Market Overview

As the world's largest developing economy as measured by the GDP, China has a buoyant and growing demand for ground passenger transportation, primarily driven by increasing affluence, growing business activities, rapid urbanization, consumption upgrade and growing expenditure on discretionary travel. The significant market size of China's ground passenger transportation market, in terms of GTV, is expected to increase from RMB1,215.8 billion in 2024 to RMB1,949.4 billion in 2028 at a CAGR of 12.5%. Due to the impact of the COVID-19, in 2022, some major cities experienced travel restrictions under government regulatory requirements, resulting in decreased traveling demand of residents and passenger volume. Specifically, the passenger volume of urban public transportation in major cities in China has decreased in 2022, as compared to 2021, according to the F&S Report. For example, the passenger volume of urban public transportation in Beijing decreased from 5,577 million passengers in 2021 to 4,174 million passengers in 2022, according to the same source.

The car-based passenger transportation market, which comprises carpooling, taxi roadside-hailing, taxi online-hailing and ride-hailing, was RMB616.0 billion in terms of GTV and accounted for an aggregate market share of 59.5% of the total ground passenger transportation market in 2023, and is expected to increase to RMB1,238.9 billion at a CAGR of 14.4% from 2024 to 2028 and account for an aggregate market share of 63.6% in 2028.

Continuous Growth in the Number of Private Passenger Cars

China has become the world's largest growing market for private passenger cars in 2023 with 275 million private passenger cars as of December 31, 2023, and the number is expected to reach 378 million by December 31, 2028, according to the F&S Report.¹

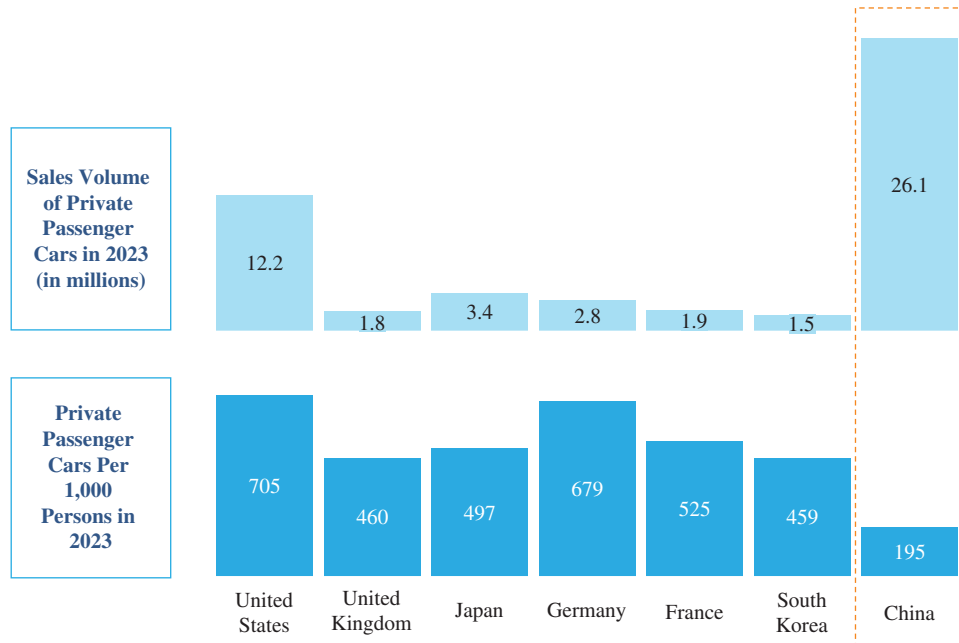


Source: F&S Report

¹ Private passenger cars refer to passenger cars owned by individuals and are mainly for personal use, including those also used for providing carpooling or ride-hailing services.

INDUSTRY OVERVIEW

Despite the sheer size, the penetration rate of private passenger cars, as measured by the number of private passenger cars per 1,000 persons in China, is much lower compared to that of major developed countries. In 2023, China had 195 private passenger cars per 1,000 persons, while the United States had 705, representing significant space for growth in China for merely “catching up” in the number of private passenger cars. China ranked No. 1 in 2023 in the world as measured by a 26.1 million sales volume of new private passenger cars.



Source: F&S Report

Adverse Social and Environmental Impact Associated with Vehicle Growth

The growth in the number of motor vehicles in China, including passenger vehicles, cargos and other motor vehicles, led to high vehicle density in major cities. For example, the number of motor vehicles per square kilometer in China’s tier-one cities was approximately 4,097 in 2023, which was higher than that of other metropolises, such as approximately 3,349 for New York and approximately 2,559 for Tokyo. In addition, urban planning in certain areas failed to adequately accommodate the fast-growing number of motor vehicles. As a result, traffic congestion has become a common ailment nationwide, which reduces quality of life, causes energy waste and contributes to air pollution. For example, drivers in China’s tier-one cities spent an average of approximately 48% of their commuting time, or 40 minutes, stuck in traffic congestion for a round-trip commute per working day in 2023, according to the F&S Report.

While regulators have taken actions to curb the growth in the total number of motor vehicles and the number of vehicles on the road, especially private passenger cars, such as annual car license plate quota and scheduled rotation in vehicle usage, these measures have had limited effectiveness in addressing traffic congestion in the long run.

INDUSTRY OVERVIEW

The national traffic congestion problem is also caused, in part, by underutilization of transit capacity. In 2023, the average number of occupants for small-sized private passenger cars was only 1.4 people, representing a low utilization rate of approximately 30.3% of all 1,216 million available seats, according to the F&S Report.² In addition, during the course of their operations, taxis in China generally experience a daily vacancy rate ranging from 30% to 40% on the move and an average daily wait time of approximately three hours in 2023, according to the same source. There is untapped potential to increase the utilization rate and lower the vacancy rate of existing vehicles, through carpooling or the digital transformation of the taxi industry.

In addition, the continuous increase in the number of vehicles has contributed to environmental pollution across the country. In 2022, approximately 37% of all the cities in China failed to meet the national air quality standards. It is noteworthy that greenhouse gas emissions from vehicles are one of the major and fastest growing cause of air pollution. According to the F&S Report, in 2023, the average passenger vehicle emitted 3.02 kilograms greenhouse gas per 20-kilometer trip, and greenhouse gas emissions from the transportation sector in China accounted for approximately 10% of the total greenhouse gas emissions in the same year. The PRC government has been increasingly focused on reducing greenhouse gas emissions from vehicles and achieving carbon neutralization. For example, the MOT promulgated the 14th Five-Year Plan for Highway Development (公路“十四五”發展規劃) in 2021, emphasizing on promoting new-energy vehicles and reducing carbon emissions.

Technology-driven Prevalence of Mobile Payment and Mobility Mobile Apps

China experienced robust mobile internet development over the past decade and has accumulated a massive mobile internet user base. China's mobile internet user base reached 1,091 million with a penetration rate of 77.4% in 2023 and is expected to increase to 1,216 million with a penetration rate of 86.5% in 2028, according to the F&S Report. Along with the increasing penetration rate of mobile internet, the proliferation of advanced technologies in smart phone payment solutions and security measures, such as the integration of biometric authentication procedure, are boosting mobile payments across the country. The user base of mobile payment in China reached 953.9 million in 2023 with a penetration rate of 87.3%, and is expected to increase to 1,129.0 million in 2028 with a penetration rate of 92.9%.

² Based on an average of 4.5 seats per small-sized private passenger car, defined as private passenger cars with two to nine seats.

INDUSTRY OVERVIEW

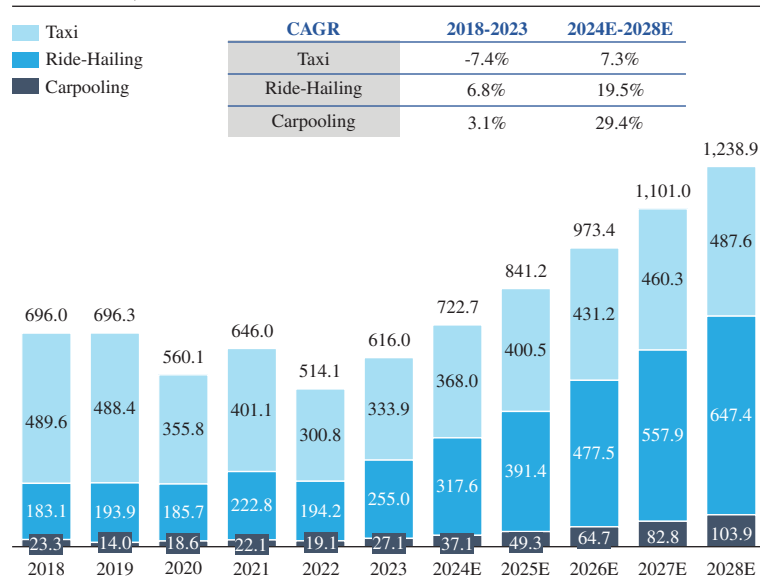
While the prevalence of mobile payment has paved the way for shifts in consumer behavior in China's ground passenger transportation market, particularly the car-based passenger transportation market, industry-wide digitalization has further contributed to the market development. Riders are becoming more accustomed to requesting rides and satisfying their mobility needs through digital tools, primarily mobile apps. According to the F&S Report, over 70% of all smartphone users in China installed more than one ride-hailing mobile apps on their devices in 2023. The proliferation of mobility mobile apps equipped with advanced technologies, such as routing, artificial intelligence and big data analytics, has been continuously contributing to the development of carpooling, taxi online-hailing, taxi roadside-hailing facilitated with digital tools, and the ride-hailing markets by, among others, matching demand and supply in an efficient and timely manner.

OVERVIEW OF CHINA'S CAR-BASED PASSENGER TRANSPORTATION MARKET

Market Overview

China's car-based passenger transportation market consists of taxi roadside-hailing, taxi online-hailing, ride-hailing and carpooling, which had a total order number of approximately 11.8 billion, 1.5 billion, 10.9 billion and 0.4 billion in 2023, respectively, according to the F&S Report. In China's car-based passenger transportation market, the respective market share of taxi and ride-hailing far exceed that of carpooling. Specifically, taxi, ride-hailing and carpooling each had a market share of 54.2%, 41.4% and 4.4% in China's car-based passenger transportation market in terms of GTV in 2023, respectively. The GTV of China's car-based passenger transportation market is expected to increase from RMB722.7 billion in 2024 to RMB1,238.9 billion in 2028 at a CAGR of 14.4%, according to the same source. The COVID-19 pandemic has adversely affected the market demand and supply, leading to fluctuation in the GTV of China's car-based passenger transportation market from 2020 to 2022. Following the adjustment of pandemic prevention policies in China, the market size is expected to recover and exceed the level before the COVID-19 outbreak by 2024.

Market Size of China's Car-Based Passenger Transportation Industry by GTV
RMB in billions, 2018-2028E



Source: F&S Report

INDUSTRY OVERVIEW

Within China's car-based passenger transportation market, the carpooling market is expected to continue growing, with its GTV increasing from RMB37.1 billion in 2024 to RMB103.9 billion in 2028 at a CAGR of 29.4%, primarily because (1) while the ride-hailing market has entered into the maturity stage with over 200 market players, the carpooling market still has a limited number of market participants and more players are expected to emerge, which will generate enlarging market potential, and (2) the market size of carpooling market over the past few years were adversely affected by several extraordinary factors, including the suspension of services by a major market player and the COVID-19 outbreak, and therefore, the current market size is relatively small and expected to grow at a higher CAGR due to market recovery from the COVID-19 pandemic. Nevertheless, the potential growth of the carpooling market in the entire car-based passenger transportation industry is limited by the competition from ride-hailing service providers and other market players arising from their dominant market positions, enlarged business scale and growing base of drivers. In comparison, the GTV of China's taxi market is expected to grow at a CAGR of 7.3% from 2024 to 2028, and the GTV of China's ride-hailing market is expected to grow at a CAGR of 19.5% from 2024 to 2028. As the largest segment in China's car-based passenger transportation market, the taxi market accounted for a market share of 54.2% in terms of GTV in 2023, and is expected to continue to account for a significant market share of 39.4% by 2028, while the ride-hailing market and the carpooling market are expected to account for a market share of 52.2% and 8.4%, respectively, in terms of GTV in China's car base passenger transportation market by 2028.

INDUSTRY OVERVIEW

Comparison of Mobility Modes in China's Car-based Passenger Transportation Market

China's car-based passenger transportation market comprises three major distinct mobility modes, including carpooling, taxi and ride-hailing. In addition, an aggregation platform mode has emerged, which allows riders to have one-click access to services on several mobility options through a unified portal. As illustrated by the following chart, the three major mobility modes differ from each other in several aspects.

	Carpooling	Traditional Taxi	Ride-hailing ⁽⁴⁾	
Market Share⁽²⁾	4.4%	54.2%	41.4%	
Mobility Supply & Management	<ul style="list-style-type: none"> Private car owners 	<ul style="list-style-type: none"> Taxi companies 	<ul style="list-style-type: none"> Mix of cars from individual drivers and rental companies 	<ul style="list-style-type: none"> Ride-hailing platform
Regulatory Restriction	<ul style="list-style-type: none"> Only allowed to be provided by private passenger cars for noncommercial purposes Subject to regulations promulgated by municipal authorities on, for example, the limitation on the number of carpooling trips per day and the standard of cost sharing 	<ul style="list-style-type: none"> Provided for commercial purposes Subject to regulations on the business operations of passenger transport, such as requirements of licenses and permits 	<ul style="list-style-type: none"> Provided for commercial purposes Subject to regulations on the business operations of passenger transport, such as requirements of licenses and permits 	
Operating Permit in Transportation Industry	<ul style="list-style-type: none"> Vehicle: no permit requirement Driver: no permit requirement 	<ul style="list-style-type: none"> Vehicle: Road Transportation Permit (道路運輸證) Driver: Cruising Driver Permit (巡遊出租汽車駕駛員證) 	<ul style="list-style-type: none"> Platform: Ride-hailing Operation Permit (網絡預約出租汽車經營許可證) Vehicle: Ride-hailing Vehicle Permit (網絡預約出租車運輸證); 44.4% of vehicles providing ride-hailing services in 2023 obtained such permit⁽⁵⁾ Driver: Ride-hailing Driver Permit (網絡預約出租汽車駕駛員證) 	
Service Provider	<ul style="list-style-type: none"> Private car owners Cost sharing 	<ul style="list-style-type: none"> Professional drivers Main source of income 	<ul style="list-style-type: none"> Mainly professional drivers⁽⁴⁾ Main source of income 	<ul style="list-style-type: none"> Professional drivers Main source of income
Cost of Subsidies per Order	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> High 	
Nature of the Mobility Mode	<ul style="list-style-type: none"> Collaborative 	<ul style="list-style-type: none"> Commercial 	<ul style="list-style-type: none"> Commercial 	
Pricing	<ul style="list-style-type: none"> 0.3x-0.5x of local taxi price 	<ul style="list-style-type: none"> 1.0x of local taxi price 	<ul style="list-style-type: none"> Economy: 0.8x of local taxi price Premium: 1.8x-2.0x of local taxi price Luxury: 3.6x-4.0x of local taxi price 	
Revenue of Online-hailing Platform	<ul style="list-style-type: none"> Commission rate⁽⁵⁾ (8%-10% of the fare charged) 	<ul style="list-style-type: none"> Commission rate⁽⁵⁾ (0%-6% of the fare charged) 	<ul style="list-style-type: none"> Commission rate⁽⁵⁾ (20%-30% of the fare charged) for platforms with mobility supply sourced from third-parties 	<ul style="list-style-type: none"> 100% of the fare charged as revenue for platforms with self-operated fleets
Growth Potential	<ul style="list-style-type: none"> High 	<ul style="list-style-type: none"> Limited for traditional taxi Could benefit from digital transformation with increased utilization efficiency 	<ul style="list-style-type: none"> High 	
Examples of Major Players	<ul style="list-style-type: none"> Dida Company A⁽⁶⁾ 	<ul style="list-style-type: none"> A traditional taxi company in Beijing, with over 20,000 taxis, providing roadside taxi-hailing, car rental and other services. A public company in Shanghai listed on the Shanghai Stock Exchange, with over 9,000 taxis, providing traditional roadside taxi-hailing services. 	<ul style="list-style-type: none"> Company B⁽⁶⁾⁽⁷⁾, a mobility platform providing ride-hailing, taxi online-hailing, carpooling and other services, with a market share of 76.0% and 17.3% in China's ride-hailing market and carpooling market, respectively, in terms of GTV in 2023. 	<ul style="list-style-type: none"> Company E⁽⁷⁾

Source: F&S Report

INDUSTRY OVERVIEW

- (1) There are two different modes depending on the underlying operation strategies, including (i) ride-hailing platforms that provide ride-hailing services by themselves, and (ii) aggregate ride-hailing companies that direct users to other ride-hailing platforms and in general do not directly provide ride-hailing services.
- (2) Represents the respective market shares of the three mobility modes in China's car-based passenger transportation market in terms of GTV in 2023.
- (3) In 2023, there were a total of 6.29 million ride-hailing vehicles, among which approximately 2.79 million obtained a permit.
- (4) Approximately 70% of ride-hailing drivers are professional drivers who drive for more than six hours per day.
- (5) Charged to private car owners and ride-hailing drivers.
- (6) For detailed description of the market player, see “—Overview of China's Carpooling Market—Competitive Landscape.”
- (7) For detailed description of the market player, see “—Overview of China's Taxi Market—Competitive Landscape.”

As illustrated in the table above, compared to ride-hailing services business, carpooling services business is characterized by, among others, lower pricing and collaborative mobility mode. Specifically, as opposed to ride-hailing, carpooling is only allowed to be provided by private passenger cars which are not for commercial purposes, according to applicable laws and regulations, there is no operation cost associated with mobility supply and management nor requirements on operating permits and licenses. In addition, as private car owners usually have predetermined destinations for their trips, and the ride fees they receive usually represent sharing of travel cost, there is generally no need for carpooling platforms to provide heavy subsidies. Due to these features, carpooling platforms can charge lower service fees, compared to other mobility modes (particularly ride-hailing) and, at the same time, achieve profitability. Carpooling also features collaborative nature compared to other mobility modes, as it helps to reduce energy consumption and emission, increase the utilization rate and lower the vacancy rate of existing vehicles.

On the other hand, carpooling has its limitations as compared to ride-hailing. As carpooling is not an on-demand commercial mobility service and mandates a high similarity level of travel itineraries, potential carpooling riders may not always get matched in a timely manner, or at all. As such, the market size of carpooling may not be comparable to that of ride-hailing. In 2023, the market share of ride-hailing and carpooling in terms of GTV in China's car-based passenger transportation market was 41.4% and 4.4%, respectively, according to the F&S Report. In addition, while we primarily compete with other carpooling marketplace service providers, we also face competition from ride-hailing service providers and other market players in China's car-based passenger transportation market. Moreover, the competitive landscape has further evolved due to the changes in the major players. Specifically, as Company B, who also provides taxi online-hailing and ride-hailing services, officially relaunched its carpooling marketplace services in December 2019 and gained an increased market share in terms of GTV from 10.8% in 2020 to 19.6% in 2021, which then remained relatively stable at 18.4% in 2022 and 17.3% in 2023, our market share in China's carpooling market was negatively affected. For details of the market player, see “—Overview of China's Carpooling Market—Competitive Landscape.”

According to the F&S Report, taxi and ride-hailing services under the commercial mobility mode alone cannot fully address the mobility demand. A mobility platform with a combination of commercial and collaborative mobility modes can enhance the efficacy and efficiency of the overall transit capacity, considering the unbalanced demand and commercial supply during peak and off-peak hours.

INDUSTRY OVERVIEW

To demonstrate the distinction between carpooling and ride-hailing mobility modes, the following table sets forth the comparison of our key operating data in 2023 with our peers in the carpooling sector and other major players in the ride-hailing sector.

	Carpooling				Ride-Hailing			
	Dida	Company A ⁽¹⁾	Company B ⁽¹⁾	Average	Company G ⁽²⁾	Company B ⁽¹⁾	Company E ⁽¹⁾	Average
Unit Economic Indicators (Calculated from Average GTV per Order)	Average GTV per Order	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Service Fee Rate ⁽⁴⁾	9.7% ⁽³⁾	9.9%	9.8%	9.8%	29.2%	27.1%	25.0%
	Net Service Fee Rate ⁽⁴⁾	7.8%	7.6%	7.9%	7.8%	11.2%	9.8%	10.0%
	Drivers' Commissions ⁽⁵⁾	89.7%	89.3%	89.5%	89.5%	67.0%	70.9%	73.0%
	Drivers' Incentives	1.1%	1.3%	1.2%	1.2%	6.0%	9.1%	9.0%
	Riders' Incentives and Marketing Fees	0.7%	0.8%	0.9%	0.8%	12.0%	8.2%	6.0%
	Drivers' Incentives/Revenue	11.3%	13.1%	12.2%	12.2%	20.6%	33.6%	36.0%
Riders' Incentives and Marketing Fee/Revenue	7.2%	8.1%	9.2%	8.2%	41.1%	30.2%	24.0%	

Source: F&S Report

- (1) For detailed description of the market players, see “—Overview of China’s Carpooling Market—Competitive Landscape” and “—Overview of China’s Taxi Market—Competitive Landscape.”
- (2) Company G is an online ride-hailing platform with a focus on internet and new energy transportations. Company G is a private company established in 2015 and headquartered in Hangzhou, China with overseas operation in Paris.
- (3) We have changed our service fee rate for the carpooling marketplace services to approximately 10% since February 2023.
- (4) While the numerator of service fee rate is the revenue generated from the service fee charged by us, the numerator of net service fee rate is calculated by subtracting the value-added tax at the rate of 6%, drivers’ incentives, riders’ incentives and marketing fees from the revenue generated from the service fee charged by us. See “Glossary” for the calculation of the service fee rate and the net service fee rate.
- (5) For ride-hailing platforms, the indicator of drivers’ commissions applies only when they do not operate fleets themselves, but instead source mobility supply from third parties, such as individual drivers or rental companies. When they provide services with their self-operated fleets, 100% of the ride fare is charged as revenue. For instance, Company E has both mobility supply modes, and the indicator of drivers’ commissions applies specifically for instances where they use third-party mobility supply.

As illustrated above, the notable differences in unit economic indicators generally exist between carpooling platforms and ride-hailing platforms due to their different business models. Specifically, in 2023, (1) the average service fee rate of major carpooling platforms was approximately 9.8%, as compared to that of approximately 27.1% of major ride-hailing platforms; (2) the average net service fee rate of major carpooling platforms was approximately 7.8%, as compared to that of approximately 10.3% of major ride hailing platforms; (3) drivers’ incentives of major carpooling platforms

INDUSTRY OVERVIEW

accounted for, on average, approximately 1.2% (as a percentage of GTV) and approximately 12.2% (as a percentage of revenue), as compared to that of approximately 8.0% and 30.1% of major ride-hailing platforms, respectively; and (4) riders' incentives and marketing fees of major carpooling platforms accounted for, on average, approximately 0.8% (as a percentage of GTV) and approximately 8.2% (as a percentage of revenue), as compared to that of approximately 8.7% and 31.8% of major ride-hailing platforms, respectively. Such notable differences result from the different business models and operating costs between carpooling platforms and ride-hailing platforms. Ride-hailing platforms typically incur greater expenses for rider incentives and marketing campaigns to bolster user engagement, leading to a higher level of platform operational costs and consequently, lower commissions left for drivers. In comparison, carpooling platforms have comparatively lower operating costs, allowing them to charge drivers a lower service fee and leave them with higher commissions. As a result, drivers on carpooling platforms are entitled to a higher percentage of commissions as compared to that of ride-hailing platforms. In 2023, the average drivers' commission on major carpooling platforms was approximately 89.5%, while the average drivers' commission on major ride-hailing platforms was approximately 70.3%. Furthermore, disparities in unit indicators among major carpooling platforms are less pronounced compared to their counterparts in China's ride-hailing sector. Among the carpooling platforms in China, our service fee rate and net services fee rate are comparable to other major industry players, with only minor variances in drivers' and riders' incentives. According to the F&S Report, certain major industry players, such as Company A, tend to prioritize drivers' incentives to boost order response rates. For instance, drivers' subsidies provided by Company A represented 1.3% of its 2023 GTV per order, with riders' incentives at 0.8%. Our incentives for drivers and riders stood at 1.1% and 0.7% of GTV per order in 2023, respectively, as we aim to encourage both private car owner and rider engagement.

OVERVIEW OF CHINA'S CARPOOLING MARKET

Market Overview

Carpooling refers to the situation where two or more individuals travel in the same car to reduce the number of single-occupant vehicles on the road. As such, carpooling is beneficial for the environment and the society as it reduces the number of empty seats on the roads, which in turn reduces vehicles emissions and mitigates traffic congestion. In September 2014, Dida became the first company in China providing carpooling services, marking the beginning of the carpooling industry in China.

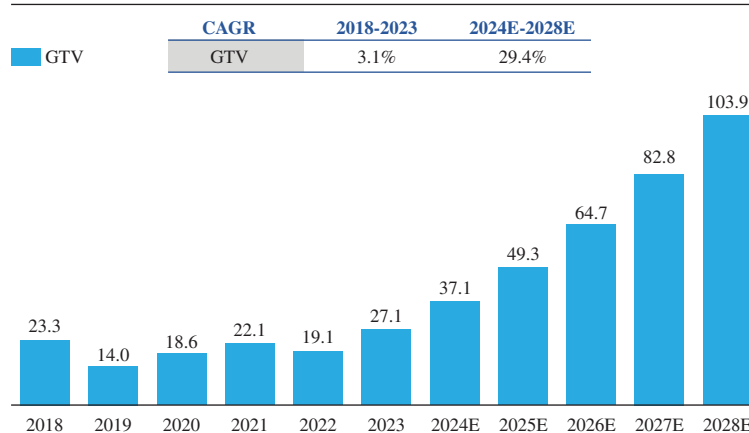
The GTV of China's carpooling market fluctuated from 2018 to 2023. The GTV increased rapidly from RMB19.3 billion in 2017 to RMB23.3 billion in 2018, indicative of the increasing market reception of carpooling as a mobility option in China. The GTV, however, decreased in 2019, due to the suspension of services by a major market player. The GTV subsequently took two years to recover to the level comparable to that before the COVID-19 outbreak, reaching RMB22.1 billion in 2021, but then decreased to RMB19.1 billion in 2022 due to the continued impact of COVID-19 resurgence. The penetration rate of carpooling in China in terms of travel distance experienced similar fluctuation, which decreased from 0.37% in 2017 to 0.19% in 2019, and recovered to 0.25% in 2021 yet further fluctuated to 0.21% in 2022. Particularly, the COVID-19 pandemic imposed unbalanced impact on the carpooling demand and supply among different cities. For example, due to

INDUSTRY OVERVIEW

the COVID-19 resurgence, the restrictions in Shanghai lasted for over two months from March in 2022. As a result, the passenger volume of urban public transportation dropped by 77.4% from the first quarter to the second quarter in 2022 in Shanghai. In comparison, the passenger volume of urban public transportation decreased by 3.9% in Guangzhou and 41.2% in Shenzhen in the same periods.

Moving forward, the GTV of China’s carpooling market is expected to reach RMB103.9 billion in 2028 at a CAGR of 29.4% from 2024 to 2028, along with the growth in the carpooling user base, considering that (1) the macro-economic environment of China continues to improve, as evidenced by the continual growth of China’s GDP and disposable income in the past five years and the increased urbanization rate of China from 61.5% in 2018 to 66.2% in 2023, (2) the number of car-based passenger transportation, especially private cars, increased in the past five years, (3) favorable government policies have been promulgated to encourage and support the development of carpooling to fully utilize the existing vehicle resources and reduce carbon emission, (4) the current carpooling market had a relatively small size due to the COVID-19 pandemic and is expected to grow at a higher CAGR following the recovery from COVID-19 as carpooling services are highly related to passengers’ traveling demand and travel policies, and (5) as a major player who previously suspended its carpooling business relaunched its carpooling marketplace services and a major player entered into the market in 2019, the carpooling market is expected to change from fluctuation during the past years to achieving stable growth in the next five years. In addition, the penetration rate of carpooling in terms of travel distance is expected to increase from 0.36% in 2024 to 0.80% in 2028. According to the F&S Report, travel distance is an industry recognized metric for penetration rate when used in the context of carpooling, considering the collaborative but not commercial mobility nature of carpooling and its focus on increasing the utilization rate and lowering the vacancy rate of existing vehicles to achieve ESG benefits, which are factors better measured by travel distance.

Market Size of China’s Carpooling Industry by GTV
RMB in billions, 2018-2028E



Source: F&S Report

INDUSTRY OVERVIEW

Key Drivers

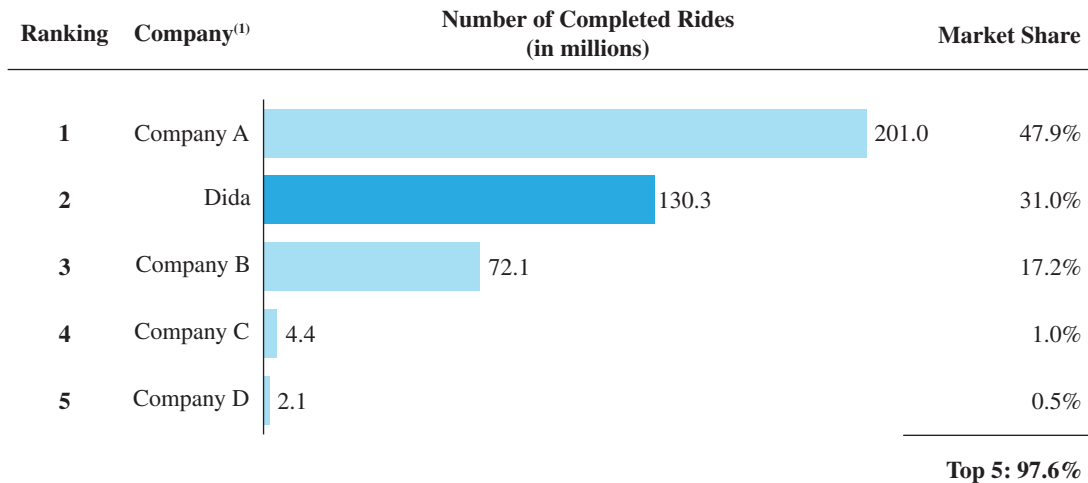
The increasing adoption of carpooling as a popular mobility option is primarily driven by the following factors.

- *Value for money.* Carpooling reduces mobility costs for both carpooling riders and private car owners providing carpooling rides. While riders can enjoy a private and comfortable trip comparable to taxi rides for no more than half the price on average, private car owners can save money on gas and toll expenses by sharing costs with one or more carpooling riders along their journeys.
- *Demands for personalized mobility.* Carpooling serves for the diversification of mobility options and better meets riders' personalized needs as compared to other public transportation options, such as intra-city bus and rail transportation. As riders may request rides on a pre-arranged basis, carpooling can well meet riders' demands in various scenarios, such as daily commuting, long-distance travel during vacation time, and homecoming during holiday seasons. At the same time, carpooling can effectively meet personalized needs, such as carrying bulky luggage and pets, through pre-arranged matching and communication between riders and private car owners.
- *Increasing market acceptance of carpooling.* Supported by advanced technologies, such as routing, artificial intelligence and big data analytics technologies, market players in China's carpooling market can continuously improve user experience to attract users by improving the response rate, reducing average wait time and assuring riders of robust safety measures. Furthermore, because of the increased awareness of the social and environmental impacts of mobility choices, an increasing number of people are willing to provide and take carpooling rides as a sustainable mobility option. The user network in the carpooling market continues to expand, creating a virtuous circle to drive the market from both supply and demand perspectives.
- *Favorable government policies.* In recent years, Chinese regulators at various levels released various policies and guidelines to tackle traffic congestion and carbon emissions, including a commitment to promote carpooling under a sound regulatory framework. For example, in 2019, the CPC Central Committee and the State Council issued the Outline for Building China's Strength in Transportation (交通強國建設綱要) to establish intelligent, secure, green, and shared transportation, and alleviate the urban traffic congestion. In 2020, the MOT and the NDRC issued the Green Travel Action Plan (綠色出行創建行動方案), urging local authorities to promote the adoption of environmental-friendly mobility modes and lower the total volume of car traffic. In 2022, the MOT, the MIIT, the Ministry of Commerce and several other authorities jointly revised and re-issued the Outline for the Construction of Nation with Strong Transportation System (網絡預約出租汽車經營服務管理暫行辦法) originally promulgated in 2016, showing clear support and encouragement for carpooling, which is not subject to regulations of ride-hailing that limit local operation permission and number of licenses issued.

INDUSTRY OVERVIEW

Competitive Landscape

China's carpooling market is highly concentrated, with the top three market players accounting for a market share of 96.1% in terms of the number of carpooling rides in 2023. In 2023, Dida ranked No. 2 in China's carpooling market with a market share of 31.0% in terms of the number of carpooling rides. The following chart illustrates the market shares of the top five market players in China's carpooling market in terms of the number of carpooling rides in 2023.



Source: F&S Report

(1) Company A is a professional mobility platform providing users with mobility tools and services, including bike-sharing, scooter, battery exchange and carpooling services. Company A is a private company established in 2016 and headquartered in Shanghai, China.

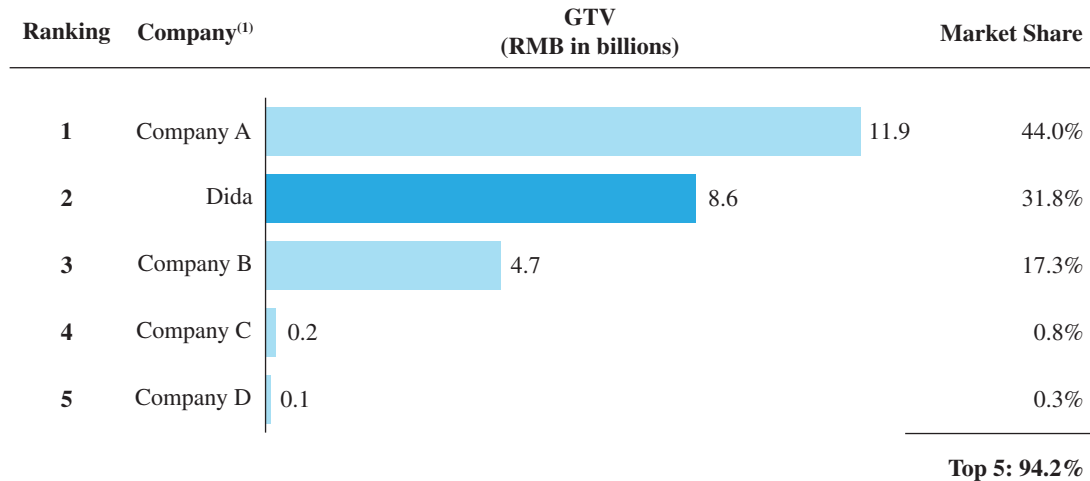
Company B is a one-stop mobility and lifestyle platform and a public company listed on OTC Pink market. Company B provides taxi online-hailing, carpooling, economy ride-hailing, premium ride-hailing, luxury ride-hailing, bus, driver service, corporate transportation service, bicycle sharing, electric scooter sharing, vehicle care, delivery and payment services in Asia, Latin America and Australia.

Company C operates a carpooling platform and also provides errands running services where users can request drivers to deliver or pickup packages. Company C is a private company established in 2014 and headquartered in Hangzhou, China.

Company D was established in Shanghai in 2018. It provides mobility services including online ride-hailing, automobile service for enterprises, automobile rental service and taxi service. Company D mainly operates in Yangtze River Delta region, China.

INDUSTRY OVERVIEW

In addition, Dida ranked No. 2 in China’s carpooling market with a market share of 31.8% in terms of the GTV in 2023. The following chart illustrates the market shares of the top five market players in China’s carpooling market in terms of the GTV in 2023.



Source: F&S Report

(1) See notes in the table above.

Carpooling platforms in China are typically marketplaces that connect private car owners with riders with similar travel itineraries. As a result, it is crucial for the carpooling platforms to maintain a sizable user base to ensure meaningful response rates and good user experience which, in turn, enables them to scale their operations and achieve robust financial performance. As such, the carpooling market in China is projected to be ultimately dominated by a few large players. Therefore, the current top players have built a barrier to entry against new entrants.

Although Dida launched carpooling marketplace services in 2014 as the first mover in China, the carpooling market is still at a nascent stage and is rapidly evolving as an emerging mobility mode in China. Carpooling was first defined in the nationwide governmental policy in July 26, 2016 when the General Office of the State Council promulgated the Guidelines on Deepening Reform and Promoting the Healthy Development of the Taxi Industry (國務院辦公廳關於深化改革推進出租汽車行業健康發展的指導意見). During the past years, the carpooling market has experienced fluctuation due to various factors such as the COVID-19 pandemic. The penetration rate of carpooling remains relatively low at 0.28% in terms of travel distance in 2023, and is expected to increase to 0.80% in 2028. Moving forward, the GTV of China’s carpooling market is expected to develop rapidly, along with the growth in the carpooling user base, recovery from the COVID-19 pandemic, business restoration and development of major market players, among other market drivers.

Carpooling service is highly regional. There are substantial differences in the regions of operation and business strategies among the major carpooling market players. During the past few years, the COVID-19 pandemic occurred and resurged in different regions in China with different level of severity, and the carpooling service in different cities or provinces responded differently. For example, Shanghai experienced significant local outbreaks from March 2022 to June 2022, which caused the temporary shutdown of carpooling services there. Shanghai contributed a GTV of

INDUSTRY OVERVIEW

RMB712.2 million and RMB466.0 million in 2021 and 2022, respectively, accounting for 9.2% and 7.7% of the total GTV generated from our carpooling marketplace services in the same years, respectively. There were also regional resurgence in the cities where we had major operations, such as Beijing from March to May and from November to December in 2022, Shanghai from July 2021 to September 2021, and Chengdu and Chongqing in July, August and November 2021, where governmental restrictive measures were implemented. Among these cities, Beijing contributed a GTV of RMB331.6 million and RMB226.0 million in 2021 and 2022, respectively, accounting for 4.3% and 3.7% of the total GTV generated from our carpooling marketplace services in the same years, respectively; Chengdu contributed a GTV of RMB387.9 million and RMB361.0 million in 2021 and 2022, respectively, accounting for 5.0% and 6.0% of the total GTV generated from our carpooling marketplace services in the same years, respectively; and Chongqing contributed a GTV of RMB344.0 million and RMB325.4 million in 2021 and 2022, respectively, accounting for 4.4% and 5.4% of the total GTV generated from our carpooling marketplace services in the same years, respectively. By comparison, certain other cities where our operations were not as significant as other major competitors were less impacted by COVID-19 than cities in other parts of China. Our carpooling marketplace services have a broad geographical coverage and an extended user network in China. During the Track Record Period, only 10 cities contributed over 3% of the total GTV generated from our carpooling marketplace in at least one reporting period. As a result, we were impacted by the precautionary and control measures adopted in different regions in response to the COVID-19 outbreak.

Such disparity in terms of geography and magnitude of impact has affected the competitive landscape. For example, Company A has focused on the local market of Guangdong province. Company A also enjoyed the first-mover advantage in Guangdong province where it has achieved fast development during past few years. Moreover, the competitive landscape has further evolved due to the changes in the major players. Specifically, Company B temporally suspended its carpooling marketplace service from August 2018 to December 2019. After that, Company B officially relaunched its carpooling marketplace service by increasing marketing promotions and paying substantial subsidies to users, aiming to return to the carpooling market and increase its market share. As such, its market share in terms of GTV increased rapidly from 10.8% in 2020 to 19.6% in 2021 and then remained relatively stable at 18.4% in 2022 and 17.3% in 2023, which impacted our position in China's carpooling market.

As a result of the disparity in terms of geography and magnitude of impact, coupled with the evolution in the competitive landscape, our GTV generated from carpooling marketplace services did not keep pace with the overall market in 2021 and decreased in 2022, and our market share decreased from 38.1% in 2021 to 32.5% in 2022 in terms of the number of carpooling rides and from 35.4% in 2021 to 31.8% in 2022 in terms of the GTV.

OVERVIEW OF CHINA'S TAXI MARKET

Digital Transformation of China's Taxi Industry

Despite its clear dominance with a market share of 54.2% in terms of GTV in China's car-based passenger transportation market in 2023, according to the F&S Report, China's taxi industry has struggled in recent years to achieve a sufficient level of operating efficiency and customer satisfaction, as the industry has been slow to adapt to the digitalization in the internet era and the challenges brought by the emergence of online ride-hailing platforms. Specifically, the taxi industry faces significant challenges brought by China's burgeoning ride-hailing market, primarily due to (1) more convenient chauffeured services and higher service quality, (2) abundant supply of fleets by ride-hailing platforms, and (3) heavy subsidies provided by ride-hailing platforms to attract consumers.

Consumers' shift from taxis to ride-hailing has led to reduced income for taxi drivers and longer vacancy time between pick-ups. Nevertheless, taxis still have unique advantages in China's car-based passenger transportation market with its cruising mode. For instance, during peak hours when it takes more time to wait for online-hailed vehicles due to traffic congestion, taxi roadside-hailing mode has relatively higher efficiency and flexibility as taxi drivers can identify and stop promptly for riders in need by the roadside when cruising in busy areas.

Faced with the disruptive challenges, China's taxi industry is poised for a digital transformation to regain its competitive edge in China's car-based passenger transportation market. As a starting point, taxi online-hailing has improved the operational efficiency compared to traditional roadside-hailing in several aspects, such as time-saving and high efficiency for order request, dispatch of taxis based on heat map, real-time traffic flow and statistics of ridership, optimal route planning, enhanced security during the trip, convenient payment methods, and other post-trip benefits, including easy access to comment or complaint and facilitation of lost and found. Moreover, starting in 2018, a few platforms in China acted on the market opportunity and began to provide solutions to help improve the hailing efficiency and utilization rate of taxis, provide for more effective fleet management and enhance the service quality. For example, in addition to online-hailing apps, Dida introduced the digitally-assisted roadside-hailing service, covering the mass population's diverse mobility needs, as well as digital tools such as the *Taxi Smart Code* to improve the riding experience for traditionally roadside-hailed taxi orders.

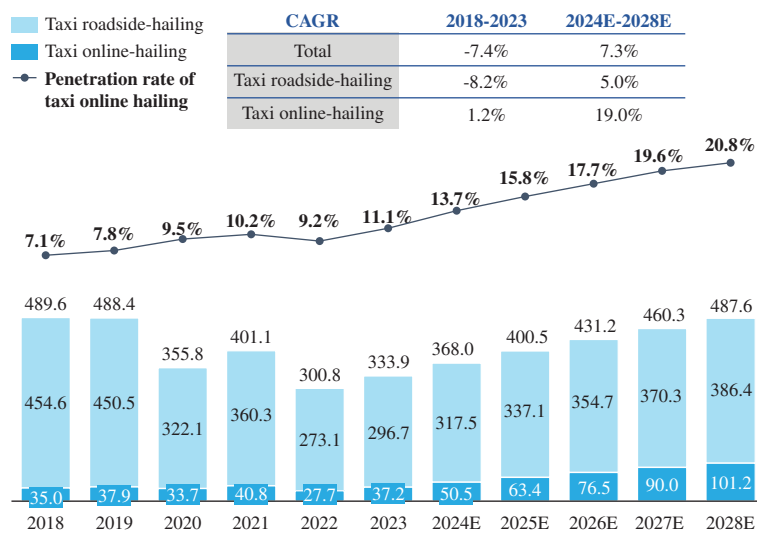
Current Market Dynamics

The taxi market has the largest market share and yet the lowest digitalization rate in China's car-based passenger transportation market, according to the F&S Report. Moreover, traditional roadside-hailing continues to dominate the industry with a market share of 88.9% in terms of GTV in 2023, according to the same source. Although the online-hailing mode has been well-educated in China, the roadside-hailing mode remains advantageous in certain use cases, such as relatively higher efficiency in peak hours compared to the online-hailing mode. Therefore, on the one hand, online-hailing and roadside-hailing will continue to evolve in parallel, serving the mass population's diversified and distinct travel needs. On the other, while the market share of online-hailing is currently projected to reach 20.8% by 2028, it has not accounted for the development of digitally-assisted roadside-hailing or other ways of emerging taxi hailing in the rapidly evolving internet era.

INDUSTRY OVERVIEW

Market Size of China's Taxi Industry by GTV

RMB in billions, 2018-2028E



Source: F&S Report

According to the F&S Report, the negative CAGRs of the taxi industry and the taxi roadside-hailing industry and the relatively low CAGR of the taxi online-hailing industry from 2018 to 2023 are mainly due to the adverse impact caused by the public health events. Particularly, there was a 22.0% year-over-year decrease in passenger volume within the taxi industry in 2022, thereby establishing a lower baseline and contributing to the negative CAGR for the period from 2018 to 2023. However, it has been expected that the market size of China's taxi industry would resurge and maintain a positive growth in the post-pandemic era. According to the F&S Report, in 2023 the passenger volume of China's taxi industry increased by 13.2% compared with the previous year. Furthermore, the penetration rate of online-hailing in China's taxi industry is expected to grow from 13.7% in 2024 to 20.8% in 2028, further fueling the market growth of China's taxi online-hailing industry.

Key Drivers

The development of China's taxi market, especially China's taxi online-hailing market, is primarily driven by the following factors.

- Favorable government policies and the digital transformation.** During the past decades, fast-growing car ownership in China and imperfect urban infrastructure planning have made traffic congestion a common ailment in China. Local governments have been taking actions to mitigate the congestion, such as annual car license plate quota, scheduled rotation in vehicle usage, and promotion of public transportation, including taxis. Furthermore, the digital transformation of the taxi industry has gradually improved the riding experience and the utilization rate of taxis. For example, the MIIT issued the Notice on Effectively Solving the Difficulties of the Elderly Using Intelligent Technology and Facilitating the Daily Transportation of the Elderly (關於切實解決老年人運用智能技術困難便利老年人日常交通出行的通知) in 2021, aiming to promote the digitalization of the traditional taxi market by encouraging digitally-assisted taxi hailing services.

INDUSTRY OVERVIEW

- *Deployment of electric taxis.* Compared with diesel, gasoline or natural gas vehicles, electric vehicles have minimal environmental impact as they do not produce greenhouse gas emissions. In recent years, supported by the progress and breakthrough of new energy technologies and governmental support, electric taxis have become popular in China. An increasing number of cities have imposed the proportion requirements for electric taxis, such as Beijing and Shenzhen. Taxi companies may thereby benefit from the reduced procurement costs of vehicles and offer lower price to attract passengers, which is expected to further boost the growth of China's taxi industry. Furthermore, the prevailing of electric taxis will facilitate the digital transformation of China's taxi industry, as they are generally deployed with more advanced digitalized systems compared to traditional ones for seamless deployment of taxi management softwares and digital toolkits.
- *Growing demands for online-hailing services.* Traditional roadside-hailing is featured with unsatisfactory service quality and inefficient pick-up mode. The growing demands of passengers, especially the new generation with the habit of using mobile payments and mobile apps, for efficient online-hailing, pre-arranged itineraries and chauffeured services have been boosting the emergence and development of online taxi-hailing platforms. Moving forward, the taxi industry is expected to continue to improve passenger experience with increasing integration with online taxi-hailing platforms.
- *Technology improvement.* With the rapid development of big data and 5G technologies in recent years, taxi online-hailing platforms have increased the response and pick-up rates of taxi online-hailing through algorithm optimization and other technology upgrades. For example, with upgraded matching algorithms, taxi online-hailing platforms can guide drivers to areas in high-demand based on the analysis of real-time user demand, which improves the effectiveness of matching and hailing. Meanwhile, new features, such as security detection and rating system, have further improved the riding experience.

Development Trends

Going forward, the taxi market will benefit from the continued and accelerated digital transformation process in various aspects, including improved user experience, upgraded industry service standards, enhanced utilization rate of fleets, and optimized management by taxi companies and associations. Smart traffic management achieved through digital tools, such as data sharing and fleet monitoring by online platforms with the relevant industry participants, may also be underway alongside such development. The future development of China's taxi industry will be affected by the following trends:

- *A shift towards the "Internet+" era.* The significant potential of the internet will be further recognized throughout the traditional taxi market. In addition to taxi riders, other participants in China's taxi market, such as taxi drivers, companies and associations, began to embrace digital tools to level up their service levels and operational efficiency. They have become more willing to cooperate with online platforms equipped with advanced technologies and established user network. For example, Xi'an Taxi Management Bureau entered into strategic cooperation with Dida in 2019, with all taxis in Xi'an city connecting to Dida's platform.

INDUSTRY OVERVIEW

- *Wide application of big data analytics.* The digital transformation of China's taxi market will be driven by big data analytics conducted by online platforms. Regulators, city planners and policymakers can gain data-driven insight into transportation congestion, taxi hailing patterns at different localities and times, and the fleet efficiency and service quality in collaboration with online platforms.
- *Continuous commitment to improving service quality and user experience.* Many taxi drivers, companies and associations have realized the need to re-examine their legacy business practices and proactively raise service standards and quality to overcome challenges brought by other new mobility modes. In addition, some online platforms, such as Dida, seek to expedite the digitalization of the taxi market to further improve user experience.
- *Rapidly evolving regulatory environment.* The PRC government began to tighten regulations on ride-hailing in a manner comparable to taxis. For example, the Interim Measures for the Management of Online Ride-Hailing Operation and Service (網絡預約出租汽車經營服務管理暫行辦法) specified legal and operational requirements for platforms, drivers and vehicles involved in the ride-hailing business. More importantly, all of them must obtain a relevant permit or license, which is not readily accessible. The PRC government has also paid greater attention to the development of the taxi market, as it plays a vital role in fulfilling ground passenger mobility demand. For example, the General Office of the State Council promulgated the Guidelines on Deepening Reform and Promoting the Healthy Development of the Taxi Industry (國務院辦公廳關於深化改革推進出租汽車行業健康發展的指導意見) in 2016 to promote the transformation of the traditional taxi market. The evolving regulatory environment may foster healthy competition between the two mobility modes.

INDUSTRY OVERVIEW

Competitive Landscape

The digital transformation of China’s taxi industry is still at an early stage, with a small portion of taxi orders originated online or through digital tools. According to the F&S Report, the top five online platforms in China’s taxi market accounted for an aggregate market share of 4.09% in the entire taxi market in 2023 as measured by the number of taxi online-hailing rides, among which Dida ranked No. 4 with a market share of 0.09%. In addition, the top five online platforms in China’s taxi online-hailing market accounted for an aggregate market share of 36.2% in terms of the number of taxi online-hailing rides in 2023, among with Dida ranked No. 4 with a market share of 0.8%.

Ranking	Company ⁽¹⁾	Number of Taxi Online-hailing Completed Rides (in millions)	Market Share ⁽²⁾
1	Company B	487.2	3.67%
2	Company F	18.5	0.14%
3	Company E	16.4	0.12%
4	Dida	12.1	0.09%
5	Company D	8.9	0.07%

Top 5: 4.09%

Source: F&S Report

(1) Company B is a one-stop mobility and lifestyle platform and a public company listed on OTC Pink market. Company B provides taxi online-hailing, carpooling, economy ride-hailing, premium ride-hailing, luxury ride-hailing, bus, driver service, corporate transportation service, bicycle sharing, electric scooter sharing, vehicle care, delivery and payment services in Asia, Latin America and Australia.

Company E operates an online ride hailing and smart travel platform using centrally purchased new energy automobiles. Company E is a private company established in 2019 and headquartered in Nanjing, China.

Company F is an online ride-hailing company launched in 2017 by a Chinese lifestyle services platform which is a public company listed on the Stock Exchange. Company F provides self-run ride-hailing and taxi-hailing services. It also has expanded its service offerings through partnerships with a number of ride-hailing companies. Company F is headquartered in Shanghai, China.

Company D was established in Shanghai in 2018. It provides mobility services including online ride-hailing, automobile service for enterprises, automobile rental service and taxi service. Company D mainly operates in Yangtze River Delta region, China.

(2) The market share is calculated by dividing the completed taxi online-hailing orders of each player by the completed orders of the entire taxi market, including the taxi roadside-hailing market and the taxi online-hailing market, as (1) services under both segments are provided through taxis and taxi drivers using the same fare calculation method and online-hailing taxi is only facilitated with the digitalization tools, and (2) the traditional roadside-hailing continues to dominate China’s taxi industry with a market share of 88.7% in terms of completed rides in 2023, and thus including the taxi roadside-hailing market as part of the denominator in the calculation presents a more comprehensive visualization of the market position of these online platforms in the entire industry.

INDUSTRY OVERVIEW

In addition, Dida ranked No. 4 in China’s taxi market in terms of GTV generated from taxi online-hailing in 2023, with a market share of 0.07% in the entire taxi market in 2023. Dida also ranked No. 4 in China’s taxi online-hailing market in terms of GTV generated from taxi online-hailing in 2023, with a market share of 0.6%.

Ranking	Company ⁽¹⁾	GTV (RMB in billions)	Market Share ⁽²⁾
1	Company B	12.2	3.65%
2	Company F	0.4	0.12%
3	Company E	0.4	0.12%
4	Dida	0.2	0.07%
5	Company D	0.2	0.05%
Top 5:			4.01%

Source: F&S Report

(1) See notes in the table above.

(2) The market share is calculated by dividing the GTV of taxi online-hailing of each player by the GTV of the entire taxi market, including the taxi roadside-hailing market and the taxi online-hailing market, as (1) services under both segments are provided through taxis and taxi drivers using the same fare calculation method and online-hailing taxi is only facilitated with the digitalization tools, and (2) the traditional roadside-hailing continues to dominate China’s taxi industry with a market share of 88.9% in terms of GTV in 2023, and thus including the taxi roadside-hailing market as part of the denominator in the calculation presents a more comprehensive visualization of the market position of these online platforms in the entire industry.

INDUSTRY RECOVERY AND NEW NORMS AFTER THE COVID-19 PANDEMIC

The COVID-19 pandemic has had a negative impact on the public transportation in China, given the nationwide travel restrictions in place starting from early 2020. Government efforts to contain the spread of COVID-19, including “stay-at-home” advice, widespread business closures, travel restrictions and emergency quarantines, have caused significant and unprecedented disruptions to the normal business operations of public transportation across sectors and cities in China. Particularly, these restrictive measures had adversely affected the demand and supply of carpooling and taxi services.

INDUSTRY OVERVIEW

The GTV of China's car-based transportation market is expected to recover from RMB722.7 billion in 2024 to RMB1,238.9 billion in 2028 at a CAGR of 14.4%, according to the F&S Report. Specifically, China's carpooling market has been rebounding from the COVID-19 outbreak, with its GTV increasing from RMB37.1 billion in 2024 to RMB103.9 billion in 2028 at a CAGR of 29.4%, according to the same source. Despite the COVID-19 resurgence in 2022, China's car-based transportation market is expected to recover and exceed the level before the COVID-19 outbreak by 2024 and grow rapidly going forward. Such trend continues to create massive market opportunities for market participants in the mid- to long-term. For instance, during the Chinese New Year holidays in 2023, the passenger volume in China increased by 99.5% compared to the same period in 2022, reaching 70.3% of the volume in the same period in 2019 before the pandemic. Furthermore, the highway transportation volume of small-sized private passenger cars during the Chinese New Year holidays in 2023 increased by 10.8% compared to the same period in 2022 and 12.7% compared to the same period in 2019 before the pandemic. Established carpooling marketplace and taxi online-hailing platforms with advanced technologies and proven market acceptance are poised to promptly react to evolving demand, maximize user satisfaction and trust, drive industry recovery, and strengthen their market position in the post-COVID era.

OVERVIEW OF CHINA'S IN-APP ADVERTISING SERVICES MARKET

In-app advertising is an effective monetization strategy for mobile app publishers, where advertisers purchase advertising space within mobile apps. While traditional printing and broadcasting advertising channels have been generally shrinking, in-app advertising has been experiencing exponential growth, primarily driven by rapid technological advancement and the booming mobile-savvy population in China. The in-app advertising services industry in China is highly competitive with more than 6,500 players by the end of 2023.

The development of China's in-app advertising services market is primarily driven by a number of factors, including (1) the enlarging number of internet and mobile internet users and the increasing number of internet devices, which has formed a solid customer base and brought great market potential, (2) evolving marketing technologies that improve the efficiency of online advertising, such as programmatic purchasing and real-time bidding, and (3) change in lifestyle and consumption habits of spending more time on social and entertainment media, which enhances the ability of online advertising services to convert the gathered data traffic to economic benefits.

According to the F&S Report, the market size of China's in-app advertising services increased from RMB304.8 billion in 2018 to RMB1,165.7 billion in 2023, and is expected to reach RMB2,976.4 billion in 2028, representing a CAGR of 20.2% from 2024 to 2028. The top five players accounted for an aggregate market share of approximately 66% in 2023. China's in-app advertising services market has relatively low entrance barrier for new players in light of the rapidly increasing market size and the fact that none of the top five players has dominated the market.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

We are a technology-driven platform in China, aiming to create more transit capacity with less environmental impact. We launched our app-based carpooling marketplace in 2014, which connects private car owners with riders with similar travel itineraries, and our smart taxi services in 2017, aiming to improve the efficacy and efficiency of relevant stakeholders in the taxi industry in China.

We were founded in 2014 by our five Co-Founders, namely Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun, and have been controlled and operated by them since our inception. Our Co-Founders have extensive experience in the internet and technology industries leveraging their previous entrepreneurial experiences as well as services at various world-class enterprises, such as Google, Baidu, Yahoo!, Procter & Gamble and Motorola. See “Directors and Senior Management” for their biographical details. Since our inception, we have attracted a number of reputable and influential institutional or corporate investors to invest in our Company, such as NIO Capital, IDG, CRCI, Bitauto, Hillhouse, JD.com and Ctrip. See “—Pre-IPO Investments” for details.

As of the Latest Practicable Date, our Co-Founders, who were our Controlling Shareholders, indirectly through a common holding company, were beneficially interested in approximately 33.57% of our total issued share capital, representing 50% of all the voting power at the general meetings of our Company pursuant to our currently effective memorandum and articles of association, which will terminate immediately upon the Listing. Our Co-Founders will control approximately 66.39% of all the voting power at the general meetings of our Company immediately upon completion of the Global Offering, comprising approximately 32.25% beneficially owned by themselves through 5brothers Limited and approximately 34.14% vested to 5brothers Limited by the Proxy Investors, assuming no exercise of the Over-allotment Option and without taking into account any Shares that may be issued under the Share Incentive Schemes. See “—Our Company and Major Shareholding Changes—Voting Proxies” for details of the voting proxy arrangement and “—Corporate Structure” for details of our shareholding structure.

BUSINESS MILESTONES

The following table illustrates our major business milestones:

<u>Year</u>	<u>Milestones</u>
2014	Our Company and our PRC operating entity, Beijing Changxing, were incorporated. We launched our app-based carpooling marketplace.
2015	We completed the series B financing which was led by renowned institutional and corporate investors such as IDG and Bitauto.
2016	We began to develop multiple monetization channels based on the established carpooling business and our riders reached 10 million.

HISTORY AND CORPORATE STRUCTURE

<u>Year</u>	<u>Milestones</u>
2017	<p>We launched smart taxi services with a focus on developing online-hailing solutions.</p> <p>We completed the series D financing which was led by NIO Capital, a leading strategic investor in the mobility market.</p>
2018	<p>We launched taxi service for enterprise clients, establishing a nationwide taxi-hailing network covering over 80 cities.</p> <p>We upgraded our brand from Dida Pinche (嘀嗒拼车) to Dida Chuxing (嘀嗒出行).</p> <p>We participated in the establishment of and promoted the development of Taxi Reform and Development Institution (出租汽車改革發展研究院) with UTDT (城市智行信息技術研究院), to drive and facilitate the reform and development of taxi industry.</p>
2019	<p>We achieved No. 1 carpooling marketplace position in China in terms of the number of carpooling rides in 2019 with sustainable profitability, according to the F&S Report, and launched smart taxi pilot project in Xi'an.</p> <p>We participated in the establishment of and promoted the development of the Carpooling Service User Committee (順風車用戶委員會) with various industry associations and research institutions, enabling carpooling service users to participate in the development of industrial standards and improve the level of user experience.</p> <p>We participated in the establishment of and promoted the development of Carpooling Legal and Standardization Committee (順風車法律及標準化工作委員會) with various academic and industry institutions, and contributed to the development of carpooling industry legal framework.</p>
2020	<p>The number of our registered users reached 205 million.</p>
2021	<p>We launched our WeChat mini program <i>Easy Mobility</i> (助老出行) for elderly people nationwide.</p> <p>We launched our <i>Landuoduo Plan</i> (藍多多計劃), the first methodology and algorithm standard for carpooling carbon emission reduction.</p> <p>The accumulative usage of our <i>Taxi Smart Code</i> reached 187 million.</p> <p>We launched our gratitude program.</p>

HISTORY AND CORPORATE STRUCTURE

Year	Milestones
2022	<p>We reached a strategic cooperation with China Emissions Exchange (廣州碳排放權交易所), aiming to reduce carbon footprint of people’s travels, promote incentivized carbon mitigation projects among individuals and small businesses, and support green finance and ESG-related investment projects.</p> <p>The accumulative feedbacks received by our <i>Taxi Smart Code</i> in Xi’an City reached 130 million.</p>
2023	<p>The accumulative mileage of our carpooling rides reached 32.6 billion kilometers.</p>

OUR COMPANY AND MAJOR SHAREHOLDING CHANGES

Our Company

Our Company was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on July 11, 2014 with an initial authorized share capital of US\$50,000 divided into 500,000,000 Shares with a par value of US\$0.0001 each. On the same date, one fully-paid Ordinary Share of our Company with a par value of US\$0.0001 was issued to our incorporator, an independent third party, and was subsequently transferred to 5brothers Limited, a BVI holding company owned by our Co-Founders, and additional 206,249,999 Ordinary Shares were allotted and issued to 5brothers Limited on the same day. On August 1, 2017, our Company’s authorized share capital was increased to US\$150,000 consisting of 1,500,000,000 shares with par value of US\$0.0001 each, and was further increased to US\$200,000 consisting of 2,000,000,000 shares with par value of US\$0.0001 each on May 31, 2018.

We issued and allotted an aggregated of 111,287,669 Ordinary Shares to 5brothers Limited at nominal value, along with certain Preferred Shares to our Pre-IPO Investors in the Pre-IPO Investments. See “—Pre-IPO Investments” for details of our Pre-IPO Investments.

On June 29, 2020, to facilitate the administration of our share incentive schemes, an aggregate of 20,370,637 Ordinary Shares reserved for our Pre-IPO Share Incentive Schemes were issued or transferred from 5brothers Limited to our ESOP Nominee, Firefiles Limited. On August 24, 2021, our Company repurchased an aggregate of 19,174,874 Ordinary Shares held by 5brothers Limited at the price of approximately US\$0.5 per Share, and additionally reserved an aggregate of 10,000,000 Ordinary Shares, to further expand the share limit of the Pre-IPO Share Incentive Scheme. On March 31, 2023, as approved by the shareholders of the Company, 4,347,500 Shares originally contributed and donated by 5brothers for our Pre-IPO Share Incentive Schemes were returned and transferred back to 5brothers Limited, after which, all the Shares held by the ESOP Nominee are for the benefit of specific grantees. See “—Share Incentive Schemes” for details.

5brothers Limited is a company incorporated in the British Virgin Islands in July 2014, and is a holding company owned by our Co-Founders. As of the Latest Practicable Date, 5brothers Limited was owned as to 60.44%, 10.64%, 10.64%, 10.64%, 7.66% by Mr. SONG, Mr. LI Jinlong, Mr. LI Yuejun, Mr. ZHU Min and Mr. DUAN Jianbo, respectively, through their respective Principal BVI

HISTORY AND CORPORATE STRUCTURE

Holdco, namely GDP Holding Limited, Golden Bay Limited, More&More Limited, Sweet Creation Limited and Amber Cultural Limited. During the Track Record Period and as of the Latest Practicable Date, the Ordinary Shares held by 5brothers Limited collectively represented 50% of all the voting power of our Company pursuant to our existing memorandum and articles of association, as amended, which will terminate immediately upon the Listing. See “Relationship with the Controlling Shareholders” for more information.

Voting Proxies

In anticipation of the dilution of our Co-Founders’ voting power in our Company as a result of the Global Offering, and to enable and maintain the control of our Co-Founders over the Group after the Listing to benefit our business operation from a stable and continuous decision making regime, each of the Proxy Investors entered into a voting proxy deed (collectively, the “Voting Proxy Deeds”) with 5brothers Limited (the “Proxyholder”), a member of the group of our Controlling Shareholders, respectively, pursuant to which, each of the Proxy Investors will appoint the Proxyholder as their respective attorneys-in-fact and proxy to vote with effect from the Listing, in the Proxyholder’s sole discretion, an aggregate of 339,326,886 Ordinary Shares (collectively, the “Proxy Shares”) converted from the respective Preferred Shares held by such Proxy Investors, on all matters submitted to a vote at the general meetings of our Company, except for certain significant corporate actions including any privatization or delisting proposal or a scheme of arrangement proposed by the Proxyholder or any of its affiliates and very substantial disposal, very substantial acquisition and reverse takeover under Chapter 14 of the Listing Rules as well as matters that the Proxyholder shall abstain from voting pursuant to our articles of association, the Listing Rules or applicable laws and regulations (the “Reserved Matters”), in each case other than any matter relating to hostile takeover.

The Proxy Investors also reserve the right to withdraw from such voting proxy arrangements provided that it only applies to the extent that any such vote in the manner proposed by the Proxyholder would be reasonably expected to materially conflict with, adversely affect or violate the Proxy Investors’ respective interests and shareholders’ rights as well as their legal and existing contractual duties, and that the Proxy Investors are able to prove the reasonableness and materiality of the relevant action to effectuate their right to withdraw. The Company believes that despite of the reserved rights to withdraw from such voting proxy arrangements, it would not be easily invoked by the Proxy Investors for the following reasons: (i) the Proxyholder can still control the voting interests and the right reserved by the Proxy Investors shall not fundamentally affect the control of the Proxyholder over the proxied voting rights for the following reasons: (a) the Proxy Investors have irrevocably proxied to the Proxyholder the voting rights attached to their relevant Shares and have not requested the Proxyholder to seek their prior consent for exercising the voting rights, and thus the Proxyholder is able to exercise the voting rights at its discretion for the relevant matters; (b) the purpose of imposing certain voting restrictions is mainly to protect the Proxy Investors rather than to disrupt the rights of the Proxyholder to exercise such voting rights; and (c) the Proxy Investors have already excluded Reserved Matters that will not be proxied to the Proxyholder as described above; and (ii) the Proxy Investors are financial investors, the interests of which are expected to be aligned with the value of the Company, and as such, in light of the fiduciary duties of the ultimate beneficial owners of the Proxyholder, being our executive Directors, owed to the Company and the Shareholders taken as a whole, it is also believed that the proposed violation relating to the restrictions on exercising voting rights would not be easily triggered by the Proxyholder.

HISTORY AND CORPORATE STRUCTURE

The voting proxy arrangements will commence immediately before the Global Offering becomes unconditional and terminate upon the occurrence of the earliest of the following events between the Proxyholder and any given Proxy Investor, among other things, (i) the Proxyholder (by itself or through any affiliate but excluding any shares in our Company controlled by the Proxyholder through voting proxy arrangements) beneficially owning over 50.00% of the total number of shares in our Company then in issue in its own right; (ii) Mr. SONG's equity interests in our Company falls below two thirds of the total equity interests he owns upon the completion of the Global Offering; (iii) Mr. SONG no longer has absolute control over the Proxyholder in terms of its beneficial ownership or the composition of its board of directors; (iv) the date on which our Company ceases to be listed on the Stock Exchange; (v) the submission of the listing application of our Company on another stock exchange other than the Stock Exchange; (vi) the Proxyholder or any of its affiliates commits any material breach of or omits to observe any of its material obligations or undertakings under the Voting Proxy Deed; and (vii) any given Proxy Investor ceasing to be a holder of any Proxy Shares or entering into any binding agreement to sell all of the Proxy Shares held by it (collectively, the "Proxy Term").

The voting proxy arrangement includes undertakings by the Proxy Investors, pursuant to which, (i) all the Proxy Shares shall be subject to lock-up restrictions and shall not be offered, transferred or otherwise disposed of directly or indirectly, conditionally or unconditionally, by the Proxy Investors unless as otherwise agreed by the Proxyholder for six months from the date of the Listing and (ii) in the six-month period following the first six months above, the Proxy Shares can be transferred or otherwise disposed of, except that the number of Proxy Shares that may be disposed shall not result in the Controlling Shareholders breaching its undertakings pursuant to Rule 10.07 of the Listing Rules.

An acting in concert relationship between the Co-Founders and each of the Proxy Investors is expressly disclaimed on the basis that (1) the Proxy Investors are renowned institutional or corporate investors who are independent from the Co-Founders and made their respective investment decision in our Company without intention to acquire or consolidate control of our Company; (2) the Proxy Investors are donors of their voting rights and will not be entitled to exercise the voting rights of the Proxy Shares subject to the terms of the Voting Proxy Deeds or consulted for in the exercise of voting right of such Proxy Shares; (3) the Proxy Investors have reserved their respective voting rights on the Reserved Matters as described above and have reserved the right to withdraw such voting proxy, among other circumstances as described above, when such vote in the manner proposed by the Proxyholder would be reasonably expected to adversely affect the interests of the Proxy Investors; (4) the voting proxy is limited to the Proxy Shares as designated in the Voting Proxy Deeds while the Proxy Investors are freely to exercise voting rights of Shares not subject to the Voting Proxy Deeds at its discretion; and (5) none of the Proxy Investors falls into any of the nine classes of presumption of acting in concert relationship with the Co-Founders in the definition of "acting in concert" of the Takeovers Code.

HISTORY AND CORPORATE STRUCTURE

The following table sets forth the respective number of Proxy Shares held by each Proxy Investor.

Name of Proxy Investor	Number of Proxy Shares	Percentage of Proxy Shares in the total issued share capital of our Company immediately prior to the Listing	Percentage of Proxy Shares in the total issued share capital of our Company upon the Listing ⁽¹⁾	Total number of Shares held by the Proxy Shareholder	Shareholding in our Company held by the Proxy Shareholder immediately prior to the Listing	Shareholding in our Company held by the Proxy Shareholder upon the Listing ⁽¹⁾
Leap Profit Investment Limited	168,888,700 ⁽³⁾	17.69%	16.99%	168,888,700	17.69%	16.99%
Smart Canvas Investment Limited	40,368,557 ⁽³⁾	4.23%	4.06%	40,368,557	4.23%	4.06%
Star Celestial Holdings Limited	1,160,596 ⁽³⁾	0.12%	0.12%	1,160,596	0.12%	0.12%
IDG China Venture Capital Fund IV, L.P.	44,164,324 ⁽³⁾	4.63%	4.44%	88,328,648	9.25%	8.89%
IDG China IV Investors L.P.	5,654,428 ⁽³⁾	0.59%	0.57%	11,308,856	1.18%	1.14%
Eastnor Castle Limited	34,800,912 ⁽²⁾	3.64%	3.50%	69,601,825	7.29%	7.00%
Bitauto Hong Kong Limited	24,105,091 ⁽²⁾	2.52%	2.43%	48,210,183	5.05%	4.85%
NBNW Investment Limited	20,184,278 ⁽³⁾	2.11%	2.03%	20,184,278	2.11%	2.03%
Total	339,326,886	35.54%	34.14%	448,051,643	46.92%	45.08%

Notes:

- (1) Assuming no exercise of the Over-allotment Options and without taking into account any Shares that may be issued under the Share Incentive Schemes.
- (2) Each of Eastnor Castle Limited and Bitauto Hong Kong Limited is not and will not be, upon the Listing, (i) our core connected person (as defined in the Listing Rules), (ii) financed directly or indirectly by our core connected person for the acquisition of Shares, or (iii) accustomed to taking instructions from our core connected persons in relation to the acquisition, disposal, voting or other disposition of the Shares held or to be allotted to them. The remaining non-Proxy Shares held by Eastnor Castle Limited and Bitauto Hong Kong Limited will not be vested to the Proxyholder and all the rights attached to such Shares, including the voting rights, will be independently exercised by such Proxy Investors themselves. As such, the remaining non-Proxy Shares held by them will count towards public float while the Proxy Shares held by them will not be counted towards public float.
- (3) As each of Leap Profit Investment Limited, Smart Canvas Investment Limited, Star Celestial Holdings Limited, NBNW Investment Limited, IDG China Venture Capital Fund IV, L.P. and IDG China IV Investors L.P. will be our core connected person upon the Listing, the Shares held by them will not be counted towards public float no matter whether they are proxied to the Proxyholder or not.

HISTORY AND CORPORATE STRUCTURE

As a result, immediately after the completion of the Global Offering and assuming no exercise of the Over-allotment Option and without taking into account any Shares that may be issued under the Share Incentive Schemes, our Co-Founders, through 5brothers Limited, will control approximately 66.39% of all the voting power at the general meetings of our Company, comprising approximately 32.25% beneficially owned by themselves through 5brothers Limited and approximately 34.14% vested to 5brothers Limited by the Proxy Investors, and will, together with 5brothers Limited and their respective Principal BVI Holdco, continue to be a group of our Controlling Shareholders.

Share Re-classification and Re-designation

On March 31, 2023, our Shareholders unanimously resolved that, among other things, conditional upon the satisfaction or waiver of the conditions set out in “Structure of the Global Offering—Conditions of the Global Offering,” as the case may be, and pursuant to the terms set out therein, immediately prior to the Listing, each of the issued and unissued Preferred Shares will be automatically re-classified and re-designated into one Ordinary Share.

OUR SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

Amazing Journey Limited

Amazing Journey Limited was incorporated as a limited liability company under the laws of Hong Kong on July 23, 2014, and is an investment holding company. On the date of its incorporation, one ordinary share of Amazing Journey Limited, par value of HK\$1.0 per share, was allotted and issued to our Company, credited as fully-paid. Since then, Amazing Journey Limited has been wholly owned by our Company.

WFOE

The WFOE was incorporated as a wholly foreign-owned enterprise in the PRC on November 2, 2014, with the initial registered capital of US\$2.9 million, and has been wholly owned by Amazing Journey Limited since its establishment. As of the Latest Practicable Date, the registered capital of the WFOE was US\$96.0 million. The WFOE is principally engaged in research and development activities.

Beijing Changxing

Beijing Changxing was incorporated as a limited liability company in the PRC on August 21, 2014, with the initial registered capital of RMB1.0 million, which was owned as to 60.54%, 10.54%, 10.54%, 10.54% and 7.86% by Mr. SONG, Mr. LI Jinlong, Mr. LI Yuejun, Mr. ZHU Min and Mr. DUAN Jianbo, respectively. On December 18, 2017, the registered capital of Beijing Changxing was increased from RMB1.0 million to RMB10.0 million, which was owned as to 60.58%, 10.54%, 10.54%, 10.54% and 7.82% by Mr. SONG, Mr. LI Jinlong, Mr. LI Yuejun, Mr. ZHU Min and Mr. DUAN Jianbo, respectively. Since then, the shareholding structure of Beijing Changxing has remained unchanged.

Beijing Changxing is our operating entity, and is primarily engaged in carpooling marketplace and smart taxi services.

HISTORY AND CORPORATE STRUCTURE

Beijing Dida

Beijing Dida was incorporated as a limited liability company in the PRC on March 31, 2022, with the registered capital of RMB5.0 million, which was wholly owned by Beijing Changxing. Beijing Dida is principally engaged in carpooling marketplace services in Beijing.

Beijing Changxing and Beijing Dida are also our Consolidated Affiliated Entities, and have been consolidated into our Group through certain contractual arrangements between the WFOE, Beijing Changxing and our Co-Founders since December 2014. See “Contractual Arrangements” for details.

CONTRACTUAL ARRANGEMENTS

To pursue offshore financing opportunities, the WFOE, Beijing Changxing and our Co-Founders entered into a series of agreements in December 2014, as a result of which, we have established our contractual arrangements and consolidated Beijing Changxing into our Group. In November 2017, certain terms of such agreements were amended in response to the shareholding change among our Co-Founders in Beijing Changxing. In September 2020, in anticipation of the Listing, the WFOE, Beijing Changxing and our Co-Founders entered into a new set of agreements to amend and restate the previous contractual arrangements related agreements, to comply with the requirements under the Listing Rules. See “Contractual Arrangements” for details.

PRE-IPO INVESTMENTS

To fund our rapid business expansion and diversify our shareholder base, we have conducted five rounds of Pre-IPO Investments, particulars of which are as follows.

The table below sets forth a summary of the shareholding of our Pre-IPO Investors in our Company immediately prior to the Listing:

Our Pre-IPO Investors ⁽³⁾	Series A-1 preferred Shares	Series B preferred Shares	Series C preferred Shares	Series D-1 preferred Shares	Series E-1 preferred Shares	Total number of Shares held by Shareholder on an as-converted basis	Shareholding in	Shareholding in
							our Company held by Shareholder immediately prior to the Listing ⁽¹⁾	our Company held by Shareholder upon the Listing ⁽¹⁾⁽²⁾
Leap Profit Investment Limited	—	—	—	67,967,308	100,921,392	168,888,700	17.69%	16.99%
IDG China Venture Capital Fund IV, L.P.	60,946,875	6,094,688	12,340,404	—	8,946,681	88,328,648	9.25%	8.89%
Eastnor Castle Limited	—	—	69,601,825	—	—	69,601,825	7.29%	7.00%
Bitauto Hong Kong Limited	—	41,250,000	6,960,183	—	—	48,210,183	5.05%	4.85%
Smart Canvas Investment Limited	—	—	—	—	40,368,557	40,368,557	4.23%	4.06%

HISTORY AND CORPORATE STRUCTURE

	Series A-1 preferred Shares	Series B preferred Shares	Series C preferred Shares	Series D-1 preferred Shares	Series E-1 preferred Shares	Total number of Shares held by Shareholder on an as- converted basis	Shareholding in	Shareholding in
							our Company held by Shareholder immediately prior to the Listing ⁽¹⁾	our Company held by Shareholder upon the Listing ⁽¹⁾⁽²⁾
Our Pre-IPO Investors⁽³⁾								
HH SPR-IV Holdings Limited . . .	—	—	—	—	40,368,557	40,368,557	4.23%	4.06%
Sumptuous Canna Limited	—	—	—	—	40,368,557	40,368,557	4.23%	4.06%
Ctrip Investment Holding Ltd	—	—	27,840,730	—	—	27,840,730	2.92%	2.80%
BothWealth Fund L.P.	—	10,312,500	—	—	10,092,139	20,404,639	2.14%	2.05%
NBNW Investment Limited	—	—	—	—	20,184,278	20,184,278	2.11%	2.03%
Trustbridge Partners V, L.P.	—	—	13,920,365	—	—	13,920,365	1.46%	1.40%
Lupin 2 Co. Ltd.	—	10,312,500	3,340,888	—	—	13,653,388	1.43%	1.37%
IDG China IV Investors L.P.	7,803,125	780,312	1,579,961	—	1,145,458	11,308,856	1.18%	1.14%
Hangzhou Mingshan Investment L.P. (杭州銘杉投資合夥企 業(有限合夥))	—	—	—	—	10,092,139	10,092,139	1.06%	1.02%
Moussedragon, L.P. . . .	—	—	3,619,295	—	—	3,619,295	0.38%	0.36%
Star Celestial Holdings Limited	—	—	—	—	1,160,596	1,160,596	0.12%	0.12%
Total	68,750,000	68,750,000	139,203,651	67,967,308	273,648,354	618,319,313	64.75%	62.21%

(1) Calculated on as-converted basis.

(2) Assuming no exercise of the Over-allotment Option and without taking into account any Shares that may be issued under the Share Incentive Schemes.

(3) See “—Pre-IPO Investments—Information Regarding the Pre-IPO Investors” and notes to the corporate structure in the section headed “—Corporate Structure” for details of the Pre-IPO Investors and their relationships with our Group and our connected persons.

HISTORY AND CORPORATE STRUCTURE

Principal Terms of the Pre-IPO Investments

The table below summarizes the principal terms of the Pre-IPO Investments:

	Date of initial share purchase agreement	Settlement date	Total number of shares under the investments	Total consideration (US\$)	Cost per share paid (US\$)	The discount to the Offer Price ⁽¹⁾ (%)
Series A Investments	December 4, 2014	December 5, 2014	68,750,000 Series A Preferred Shares	3,000,000 ⁽²⁾	0.0436	94.32
Series B Investments	February 2, 2015	April 13, 2015	68,750,000 Series B Preferred Shares	20,000,000	0.2909 ⁽⁸⁾	62.12
Series C Investments ⁽³⁾	April 30, 2015, May 21, 2015 and June 26, 2015	July 1, 2015	139,203,651 Series C Preferred Shares ⁽⁴⁾	100,000,000	0.7184 ⁽⁴⁾	6.46 ⁽⁹⁾
Series D Investments ⁽⁵⁾	August 1, 2017	August 3, 2017 and August 28, 2020	67,967,308 Series D-1 Preferred Shares	29,132,860	0.4286	44.20 ⁽⁹⁾
Series E Investments ⁽⁶⁾⁽⁷⁾	May 31, 2018 and June 20, 2018	July 3, 2018 and August 28, 2020	273,648,354 Series E-1 Preferred Shares	135,575,000	0.4954 ⁽⁸⁾	35.50 ⁽⁹⁾

- (1) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK\$6.00 per Share, being the mid-point of the indicative Offer Price range of HK\$5.00 to HK\$7.00.
- (2) The total consideration for Series A Investments was paid by Series A Pre-IPO Investors as to US\$1,000,000 in cash and US\$2,000,000 by cancellation of certain bridge loans provided by them to our Company.
- (3) The Series C Preferred Shares held by Moussedragon, L.P. in June 2015 were purchased from 5brothers Limited, a member of the group of our Controlling Shareholders. The aggregate amount of Series C Investments exclude investment from BothWealth Fund L.P., which terminated in January 2020 due to its internal funding reasons based on arm's length negotiation and mutual agreement between BothWealth Fund L.P. and us, and all the Series C Preferred Shares issued to it were surrendered to us.
- (4) The initial cost per share for each Series C Preferred Share was US\$0.8727. As such initial subscription price paid by the series C investors was higher than the subscription price subsequently paid by series D investors for their series D investment and series E investors for their series E investment, the anti-dilution right enjoyed by the series C investors was triggered. As such, pursuant to the supplemental agreements dated August 1, 2017 and May 31, 2018 along with the Series D Investments and Series E Investments, the parties reduced the per share purchase price of the Series C Preferred Shares to US\$0.8154 and further to US\$0.7184, respectively, to compensate series C investors for their over-dilution due to the decline in Company's valuation in series D investment and series E investment, and thus based on the previously agreed anti-dilution formula, under then effective articles of association of our Company, an aggregate of additional 8,269,032 and 16,991,413 Series C Preferred Shares were issued to each Series C Pre-IPO Investor at nil consideration on a pro rata basis for anti-dilution purpose.

HISTORY AND CORPORATE STRUCTURE

- (5) In August 2017, our Company issued to Hubei Changjiang NIO New Energy Industry Development Fund Partnership (Limited Partnership) (湖北長江蔚來新能源產業發展基金合夥企業(有限合夥)) (“NIO Capital Fund I”), an affiliate of Leap Profit Investment Limited, a warrant to subscribe for an aggregate of 67,967,307 Series D-1 Preferred Shares at a consideration of US dollar equivalent of RMB199,999,997.0574. On the same date, NIO Capital Fund I subscribed from Beijing Changxing a convertible loan with the principal amount of RMB200,000,000, which was transferred from Beijing Changxing to the WFOE in May 2018 along with the Series E Investments. Our Company also issued to NIO Changjiang 1st Investment Ltd., an affiliate of NIO Capital Fund I, one Series D-1 Preferred Share as the golden share with rights equal to all the number of Series D-1 Preferred Shares that NIO Capital Fund I would be entitled to upon full exercise of such warrant. In June 2020, NIO Capital Fund I fully exercised its warrant and surrendered the special golden share, and as a result, we issued to Leap Profit Investment Limited, an affiliate of NIO Capital Fund I, an aggregate of 67,967,308 Series D-1 Preferred Shares on June 29, 2020. The exercise price of such warrant was fully paid by August 28, 2020, and on the same date, the WFOE fully settled its convertible loan owed to NIO Capital Fund I.
- (6) In May 2018, our Company issued to NIO Capital Fund I an additional warrant to subscribe for an aggregate of 100,921,391 Series E-1 Preferred Shares at a consideration of US dollar equivalent of RMB317,850,283.85052. On the same date, NIO Capital Fund I subscribed from the WFOE a convertible loan with the principal amount of RMB317,850,287. Our Company also issued to NIO Changjiang 1st Investment Ltd. one Series E-2 Preferred Share as the golden share with rights equal to all the number of Series E-1 Preferred Shares that NIO Capital Fund I would be entitled to upon full exercise of such warrant. In June 2020, NIO Capital Fund I fully exercised its warrant and surrendered the special golden shares, and as a result, we issued to Leap Profit Investment Limited an aggregate of 100,921,392 Series E-1 Preferred Shares on June 29, 2020. The exercise price of such warrant was fully paid by August 28, 2020, and on the same date, the WFOE fully settled its convertible loan owed to NIO Capital Fund I.
- (7) In May 2018 and June 2018, our Company issued to Hangzhou Mingshan Investment L.P. (杭州銘杉投資合夥企業(有限合夥)) (“CapThrone Fund”) a warrant to subscribe for an aggregate of 10,092,138 Series E-1 Preferred Shares at a consideration of US dollar equivalent of RMB32,071,996.82208. On the same dates, CapThrone Fund subscribed from the WFOE a convertible loan with the principal amount of RMB32,072,000. Our Company had also issued to CapThrone Capital Management Ltd., an affiliate of CapThrone Fund, one Series E-2 Preferred Share as the golden share with rights equal to all the number of Preferred Shares that CapThrone Fund would be entitled to upon full exercise of such warrant. In June 2020, CapThrone Fund fully exercised its warrant and surrendered the special golden share, and as a result, we issued to CapThrone Fund an aggregate of 10,092,139 Series E-1 Preferred Shares on June 29, 2020. The exercise price of such warrant was fully paid by August 28, 2020, and on the same date, the WFOE fully settled its convertible loan owed to CapThrone Fund.
- (8) In January 2020, NBNW Investment Limited, an affiliate of Mr. LI Bin, our non-executive Director, and BothWealth Fund L.P., an independent third party, sold to Art Global Capital Limited, an independent third party an aggregate of 8,250,000 Series B Preferred Shares at the consideration of US\$3,481,713 and an aggregate of 20,184,278 Series E-1 Preferred Shares at the consideration of US\$8,518,287 for personal refinancing purpose with repurchase right, respectively. In July 2020, BothWealth Fund L.P. and NBNW Investment Limited repurchased all such Preferred Shares from Art Global Capital Limited at an aggregate consideration of US\$12,694,356, which was fully paid on July 12, 2020.
- (9) The discount to the Offer Price for each of the Series D and Series E Investments was relatively steeper than that for Series C Investments, primarily due to the declined valuation of our Group at the time of Series D and Series E Investments as a result of the then unfavorable market condition and the downward trends in valuation of our comparable companies in China’s car-based passenger transportation market.

The consideration for the Pre-IPO Investments was determined based on arm’s length negotiation among our Company and the Pre-IPO Investors after taking into consideration of, among others, (1) the timing of investments; (2) the growth of our number of carpooling rides, certified private car owners and carpooling riders since last round of investment and since the launch of our app-based carpooling marketplace; (3) the then estimated revenue for the year when the relevant investment decisions were made; (4) the growth prospects of our Group and the prevailing condition of China’s car-based passenger transportation market; (5) the business resources, strategic cooperation opportunities and benefits that the Pre-IPO Investors could bring to our Company; and (6) the comparable companies in the industry and their valuation. All the considerations are fully paid by the respective Pre-IPO Investors.

HISTORY AND CORPORATE STRUCTURE

At the time of the Pre-IPO Investments, our Directors were of the view that we could benefit from the additional capital that would be provided by the Pre-IPO Investors to support our continuing development growth, take advantage of their knowledge and experience and diversify our shareholder base. In particular, with the established network of reputable and experienced financial investors such as IDG, Hillhouse and China Renaissance Capital Investment, we could benefit from such commitment as we believe the investments demonstrate their confidence in the operations of our Group and serve as endorsements of our Group's performance, strength and prospects. Furthermore, the investments from several reputable players in automotive and mobility industries, such as NIO Capital and Bitauto, will create potential strategic cooperation opportunities whereby they can provide us with professional insights and advice on our development and can help us achieve business synergies to reinforce our existing market position. Besides, we believe we may also benefit from our investment relationship with certain Pre-IPO investors who are influential e-commerce platforms, such as JD.com and Trip.com, which could promote our brand presence and recognition with their market experience and remarkable user flows.

Lock-up Period

The Pre-IPO Investors are subject to a lock up period of six months from the Listing Date pursuant to the lock-up letters issued by each Pre-IPO Investor on June 18, 2024.

Public Float

Upon completion of the Global Offering, except for (i) the Shares held by Leap Profit Investment Limited, Smart Canvas Investment Limited, Star Celestial Holdings Limited, NBNW Investment Limited, IDG China Venture Capital Fund IV, L.P. and IDG China IV Investors L.P. and (ii) the Proxy Shares held by Eastnor Castle Limited and Bitauto Hong Kong Limited, all the Shares held by the Pre-IPO Investors will count towards part of the public float, which is 229,173,615 Shares, representing approximately 23.056% of the total issued share capital of our Company upon the Listing (assuming no exercise of the Over-allotment Option and without taking into account of any Shares that may be issued under the Share Incentive Schemes). As a result, the public float of our Company will represent approximately 26.989% of the total issued share capital of our Company upon the Listing (assuming no exercise of the Over-allotment Option and without taking into account of any Shares that may be issued under the Share Incentive Schemes). See “—Our Company and Major Shareholding Changes—Voting Proxies,” “—Pre-IPO Investments—Information Regarding the Pre-IPO Investors” and notes to the corporate structure in the section headed “—Corporate Structure” for details.

Use of Proceeds from the Pre-IPO Investments

The proceeds from the Pre-IPO Investments have been fully utilized for, among others, the development and operation of our business, including but not limited to recruitment, new business development, technology development and administrative and marketing expenses.

HISTORY AND CORPORATE STRUCTURE

Special Rights of the Pre-IPO Investors

Our Company, Pre-IPO Investors and other Shareholders are currently subject to the terms and provisions of our currently effective memorandum and articles of association and certain agreements among our Shareholders (collectively, the “Pre-IPO Investments Documents”), including, among others, the fifth amended and restated shareholders’ agreement dated as of September 16, 2020 entered into among our Company and Shareholders (the “Shareholders’ Agreement”).

Pursuant to the Pre-IPO Investments Documents, the Pre-IPO Investors and holders of our Ordinary Shares were granted certain special rights in relation to our Company, including, among others, (a) board nomination right, board observer right and certain other corporate governance rights, (b) veto rights granted to relevant directors and shareholders, (c) information and inspection rights, (d) right of participation, (e) share transfer restrictions, (f) right of co-sale, (g) registration rights, (h) redemption right of our Company (the “Redemption Right”), (i) right of first refusal, (j) drag-along right, (k) super voting power of the directors nominated by holders of majority ordinary shares and super voting power for the ordinary shares held by our Co-Founders through 5brothers Limited.

In anticipation of the Listing, all of our existing shareholders, including the Pre-IPO Investors and 5brothers Limited entered into a waiver and confirmation agreement with our Company, Amazing Journey Limited, the WFOE, Beijing Changxing and our Co-Founders dated September 16, 2020 and supplemental agreements dated February 10, 2023 and February 9, 2024, pursuant to which, among others, (1) each of the Pre-IPO Investors irrevocably and unconditionally agrees that the Redemption Right and any other divestment rights granted to the Pre-IPO Investors shall be suspended upon our Company’s application for the Listing and shall only be exercisable if the Listing does not take place, and (2) all the special rights under the Pre-IPO Investments Documents (including the Redemption Right and any other divestment rights granted to the Pre-IPO Investors) will terminate immediately prior to the Listing.

Information Regarding the Pre-IPO Investors

The following sets forth information of the pre-IPO investors.

Leap Profit Investment Limited

Leap Profit Investment Limited is a company incorporated in the BVI and is wholly owned by Shanghai Weiyu Corporate Management Consulting Partnership Company (Limited Partnership) (上海蔚郁企業管理諮詢合夥企業(有限合夥)) (“Shanghai Weiyu”). Shanghai Weiyu is an affiliate of Hubei Yangtze River NIO New Energy Industrial Development Fund LLP (湖北長江蔚來新能源產業發展基金合夥企業(有限合夥)) (“NIO Capital Fund I”), a leading, market-oriented private equity investment firm focusing on investing in mobility, energy, materials and other related sectors, which insists on sustainable investments with a focus on innovations in decarbonization and digitalization. Both Shanghai Weiyu and NIO Capital Fund I are ultimately controlled by Shanghai Weiyu’s ultimate general partner, Hubei Yangtze River NIO New Energy Investment Management Company Limited (湖北長江蔚來新能源投資管理有限公司) (“NIO Capital Fund I Manager”). As of the Latest

HISTORY AND CORPORATE STRUCTURE

Practicable Date, NIO Capital Fund I Manager was owned, as to (i) 31.24% by Ningbo Bonded Area Weixu Enterprise Management Company Limited (寧波保稅區蔚旭企業管理有限公司), a company that is owned by Mr. LI Bin, our non-executive Director, and Mr. YU Tao, an affiliate of Mr. YU Ning, our former non-executive Director, and one independent third party, with each person owning one-third of its equity interest, (ii) 24.32% by XPT (Nanjing) E-powertrain Technology Co., Ltd. (蔚然(南京)動力科技有限公司), which is ultimately owned by NIO Inc., a company concurrently listed on the Stock Exchange (stock code: 9866), the New York Stock Exchange (ticker: NIO) and the Singapore Stock Exchange (ticker: NIO), (iii) as to 22.22% by Kunshan Xinghua Investment Consultant Center (昆山興華投資諮詢中心(有限合夥)), the general partner of which is Kushan Yongli Investment Consultant Company Limited (昆山永利投資諮詢有限公司), which is wholly owned by Ms. ZHU Xiuhua, an independent third party, and (iv) as to 22.22% by Beijing Sequoia Mingde Equity Investment Center LLP (北京紅杉銘德股權投資中心(有限合夥)), the general partner of which is Beijing Sequoia Kunde Investment Management Center LLP (北京紅杉坤德投資管理中心(有限合夥)), which is ultimately controlled by Mr. ZHOU Kui, an independent third party. The chairman of the board of directors of NIO Capital Fund I Manager was Mr. LI Bin.

IDG China Venture Capital Fund IV, L.P. and IDG China IV Investors L.P.

IDG China Venture Capital Fund IV, L.P. (the “IDG Main Fund”) and IDG China IV Investors L.P. (the “IDG Side Fund”), both established in Cayman Islands as exempted limited partnerships, are venture capital funds with a primary purpose of making equity investments, mainly in PRC growth stage companies in the information technology, media, healthcare, energy, clean technology and non-technology consumer businesses and services related industries, including, but not limited to, companies engaged in software, Internet, telecommunication, media and managed healthcare business. The fund size of the IDG Main Fund and IDG Side Fund are approximately US\$600 million and US\$80 million, respectively.

IDG China Venture Capital Fund IV Associates L.P., a limited partnership established in Cayman Islands, acts as the sole general partner of the IDG Main Fund. IDG China Venture Capital Fund GP IV Associates Ltd (the “IDG Ultimate General Partner”) is the sole general partner of IDG China Venture Capital Fund IV Associates L.P.. The IDG Ultimate General Partner is also the direct and sole general partner of the IDG Side Fund. The Ultimate General Partner is controlled by its board, which currently consists of two directors, namely Mr. HO Chi Sing and Mr. ZHOU Quan, both of whom are independent third parties. As of the Latest Practicable Date, (i) the IDG Main Fund had 77 limited partners, with the largest limited partner holding approximately 6% interest in the IDG Main Fund; and (ii) the IDG Side Fund had 15 limited partners, except for IDG China VC IV Investors L.L.C. which owns approximately 36% equity interest, there was no other limited partner holding more than 30% equity of the IDG Side Fund.

Eastnor Castle Limited

Eastnor Castle Limited is an exempted limited liability company incorporated under the laws of the BVI and is wholly owned by China Harvest Fund III, L.P. acting by its sole general partner China Renaissance Capital Investment III, L.P., in turn acting by its sole general partner China Renaissance Capital Investment III GP, which is an exempted limited liability company established in Cayman

HISTORY AND CORPORATE STRUCTURE

Islands and is indirectly wholly owned by Mr. QIU Mark, an independent third party. China Harvest Fund III, L.P. is the third of a series of China Harvest Funds promoted and advised by China Renaissance Capital Investment Inc. (“CRCI”). CRCI was established in 2005 and its primary business has been to promote and advise private equity investment funds with a focus on businesses with operations in China or otherwise having a strong nexus with China. The cumulative AUM of the China Harvest Funds and other funds advised by CRCI is more than US\$2 billion. The investors of these funds include family offices and institutional investors.

Bitauto Hong Kong Limited

Bitauto Hong Kong Limited is a company incorporated under the laws of Hong Kong, and is a wholly owned subsidiary of Bitauto Holdings Limited (“Bitauto”), a company incorporated in the Cayman Islands. Bitauto was listed on the New York Stock Exchange (stock code: BITA) between November 2010 and November 2020. As a result of the completion of its merger with Yiche Mergersub Limited on November 4, 2020, Bitauto became a wholly-owned subsidiary of Yiche Holding Limited, a company incorporated in the Cayman Islands, and ceased to have its securities publicly traded on the New York Stock Exchange. As of the Latest Practicable Date, Yiche Holding Limited was ultimately controlled by Tencent Holdings Limited, a company listed on the Stock Exchange (stock code: 700). Bitauto Hong Kong Limited is a holding company, and Bitauto is a leading technology-driven automotive platform in China.

Smart Canvas Investment Limited and Star Celestial Holdings Limited

Smart Canvas Investment Limited is a company incorporated under the laws of the BVI, and is wholly owned by EVE ONE L.P. (“Eve ONE Fund I”), a limited partnership established under the laws of the Cayman Islands and a leading, market-oriented private equity investment firm focusing on investing in mobility, energy, logistics and other related sectors, which insists on sustainable investments with a focus on innovations in decarbonization and digitalization. NIO Capital LLC acts as the general partner of Eve ONE Fund I. Star Celestial Holdings Limited is a company incorporated under the laws of the BVI, and is wholly owned by NC Management Company Limited. NIO Capital LLC is ultimately controlled by Mr. LI Bin, our non-executive Director, Mr. YU Ning, our former non-executive Director, and Mr. ZHU Yan, an independent third party. NC Management Company Limited is ultimately controlled by Mr. LI Bin and Mr. ZHU Yan.

HH SPR-IV Holdings Limited

HH SPR-IV Holdings Limited is an exempted limited company incorporated in Cayman Islands and is wholly owned by Hillhouse Fund IV, L.P., which is in turn managed by Hillhouse Capital Management, Ltd. (“Hillhouse”) Hillhouse Capital is a global private equity firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to its investment approach. Hillhouse partners with exceptional entrepreneurs and management teams to create value, often with a focus on innovation and growth. Hillhouse invests in the fields of healthcare, business services, broad consumption and industrials. Hillhouse manages assets on behalf of institutional clients from across the globe.

HISTORY AND CORPORATE STRUCTURE

Sumptuous Canna Limited

Sumptuous Canna Limited is a company incorporated under the laws of the BVI and is ultimately controlled by JD.com, Inc., a company listed on both the Stock Exchange (stock code: 9618) and NASDAQ Global Select Market (ticker: JD). JD.com, Inc. is a leading supply chain-based technology and service provider. According to the annual report of JD.com, Inc. for the financial year ended December 31, 2022, the total assets of JD.com, Inc. was RMB595.3 billion.

Ctrip Investment Holding Ltd

Ctrip Investment Holding Ltd is a company incorporated under the laws of Cayman Islands and is an equity holding company. Ctrip Investment Holding Ltd is wholly owned by C-Travel International Limited, which is in turn wholly owned by Trip.com Group Limited, a company incorporated in the Cayman Islands and listed on NASDAQ Global Select Market (ticker: TCOM) and the Stock Exchange (stock code: 9961). Trip.com Group Limited is a leading one-stop travel service provider consisting of Trip.com, Ctrip, Skyscanner and Qunar. According to the annual report of Trip.com Group Limited for the financial year ended December 31, 2022, the total assets of Trip.com Group Limited was RMB191.7 billion.

BothWealth Fund L.P.

BothWealth Fund L.P. is a partnership established under the laws of the Cayman Islands, and is primarily engaged in private equity investments, focusing on intelligent new energy vehicle and industrial Internet industries, with a total AUM of US\$50 million. BothWealth Fund L.P. is wholly owned by Ms. XIAO Rong, an independent third party.

NBNW Investment Limited

NBNW Investment Limited is a company incorporated under the laws of the BVI, and is an investment holding company wholly owned by NBNW Seeds Limited. NBNW Seeds Limited is wholly owned by a family trust with Mr. LI Bin as the settlor and TMF (Cayman) Ltd. as the trustee.

Trustbridge Partners V, L.P.

Trustbridge Partners V, L.P. is a Cayman Island exempted limited partnership established in December 2015 with total capital commitment of US\$865 million. Trustbridge Partners V, L.P. focuses on investing in growth capital opportunities with particular interests in technology-enabled healthcare, content and education as well as new economy/lifestyle improvement sectors. Main investors of Trustbridge Partners V, L.P. includes pension funds, university endowments and sovereign wealth funds span across North America, Europe and Asia. The investment committee of Trustbridge Partners V, L.P. has the power to make investment decisions as to the shares held by the entity. The investment committee consists of the following six members who are independent third parties: LI Shujun, GE Feng, LIN Ning David, GUAN Hongyan, LIANG Xiaodong and YE Shuhong.

HISTORY AND CORPORATE STRUCTURE

Lupin 2 Co., Ltd.

Lupin 2 Co., Ltd. is a company incorporated under the laws of the BVI and is wholly owned by Lupin Capital Fund I L.P., a China-focused private equity fund which aims at growth equity investments. Lupin Capital Fund I, GP Ltd. acts as the general partner of Lupin Capital I L.P. and is wholly owned by Mr. LENG Xuesong, an independent third party.

Hangzhou Mingshan Investment L.P.

Hangzhou Mingshan Investment L.P. (杭州銘杉投資合夥企業(有限合夥)) is a limited partnership established in the PRC. Hangzhou Mingshan Investment L.P. is a private equity investment fund managed by CDC Investment Management Company Limited (國創中鼎(上海)股權投資管理有限公司) (“CDC”) as its special purpose vehicle to invest in our Company with a total AUM of RMB32 million. CDC is the sole general partner of Hangzhou Mingshan Investment L.P., which is ultimately controlled by Mr. SHI Haining, an independent third party. CDC is a private equity investment firm and Mr. SHI Haining, primarily focuses on private equity investment area.

Moussedragon, L.P.

Moussedragon, L.P., is a limited partnership established under the laws of the Cayman Islands and its general partner is Moussedumpling, L.P., a Cayman Islands limited partnership. The general partner of Moussedumpling, L.P. is Moussecookie, a Cayman Islands limited liability company. Moussecookie has sole voting and investment power over the Shares owned by Moussedragon, L.P., and each of Moussedragon, L.P, Moussedumpling, L.P., and Moussecookie is an independent third party.

Compliance with the Listing Guide

On the basis that (i) the consideration for the Pre-IPO Investments was irrevocably settled more than 28 clear days before the date of our first submission of the listing application form to the Listing Division of the Stock Exchange in relation to the Listing and (ii) all special rights granted to the Pre-IPO Investors shall cease to be effective and be discontinued upon or before the Listing, the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with Chapter 4.2 of the Listing Guide.

SHARE INCENTIVE SCHEMES

In recognition of the contributions of and to provide incentive to our Directors, senior management and employees, we have adopted the following share incentive schemes:

Pre-IPO Share Incentive Schemes

We adopted the Pre-IPO Restricted Share Scheme and the Pre-IPO Share Option Scheme (collectively, “the Pre-IPO Share Incentive Schemes”) in 2014 and amended and restated them in September 2020, pursuant to which, certain of our senior management and employees were granted restricted shares or options for their contributions to our Group.

HISTORY AND CORPORATE STRUCTURE

To facilitate the administration of the Pre-IPO Share Incentive Schemes, in September 2020, we have established an employee share incentive trust (the “ESOP Trust”) as well as appointed Kastle Limited, an independent third party, as the ESOP Trustee and Firefiles Limited, a company wholly owned by the ESOP Trustee, which is an independent third party, as the ESOP Nominee, to hold the underlying Shares under the Pre-IPO Share Incentive Schemes. As of the Latest Practicable Date, the maximum share limit under the Pre-IPO Share Incentive Schemes was 45,198,011 Ordinary Shares, comprising an aggregate of 16,023,137 issued and outstanding Ordinary Shares held by the ESOP Nominee for the benefit of specific grantees and an aggregate of 29,174,874 unissued Ordinary Shares. All the issued but unvested Shares will abstain from voting.

See “Appendix IV—Statutory and General Information—D. Share Incentive Schemes—1. Pre-IPO Share Incentive Schemes” for details of the terms and conditions of such schemes.

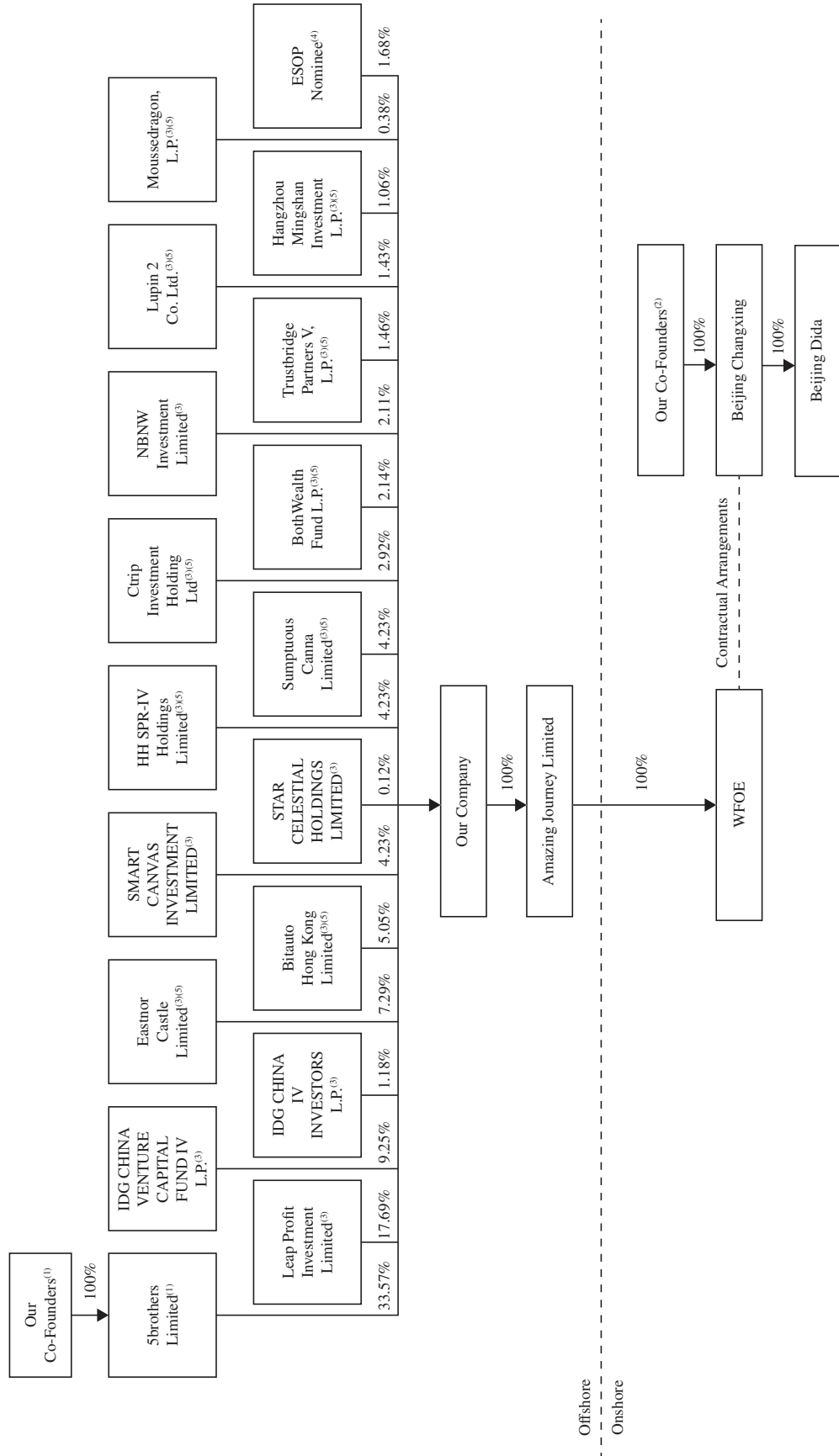
Post-IPO RSU Scheme

We have conditionally approved and adopted the Post-IPO RSU Scheme on March 31, 2023 and amended on June 13, 2024, which will become effective upon the Listing. The maximum number of Shares underlying all grants of RSUs under the Post-IPO RSU Scheme shall not exceed 10% of our enlarged share capital immediately upon the completion of the Global Offering (excluding the treasury shares of our Company, assuming no exercise of the Over-allotment Option and without taking into account of any Shares that may be issued under the Share Incentive Schemes). See “Appendix IV—Statutory and General Information—D. Share Incentive Schemes—2. Post-IPO RSU Scheme” for details.

HISTORY AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

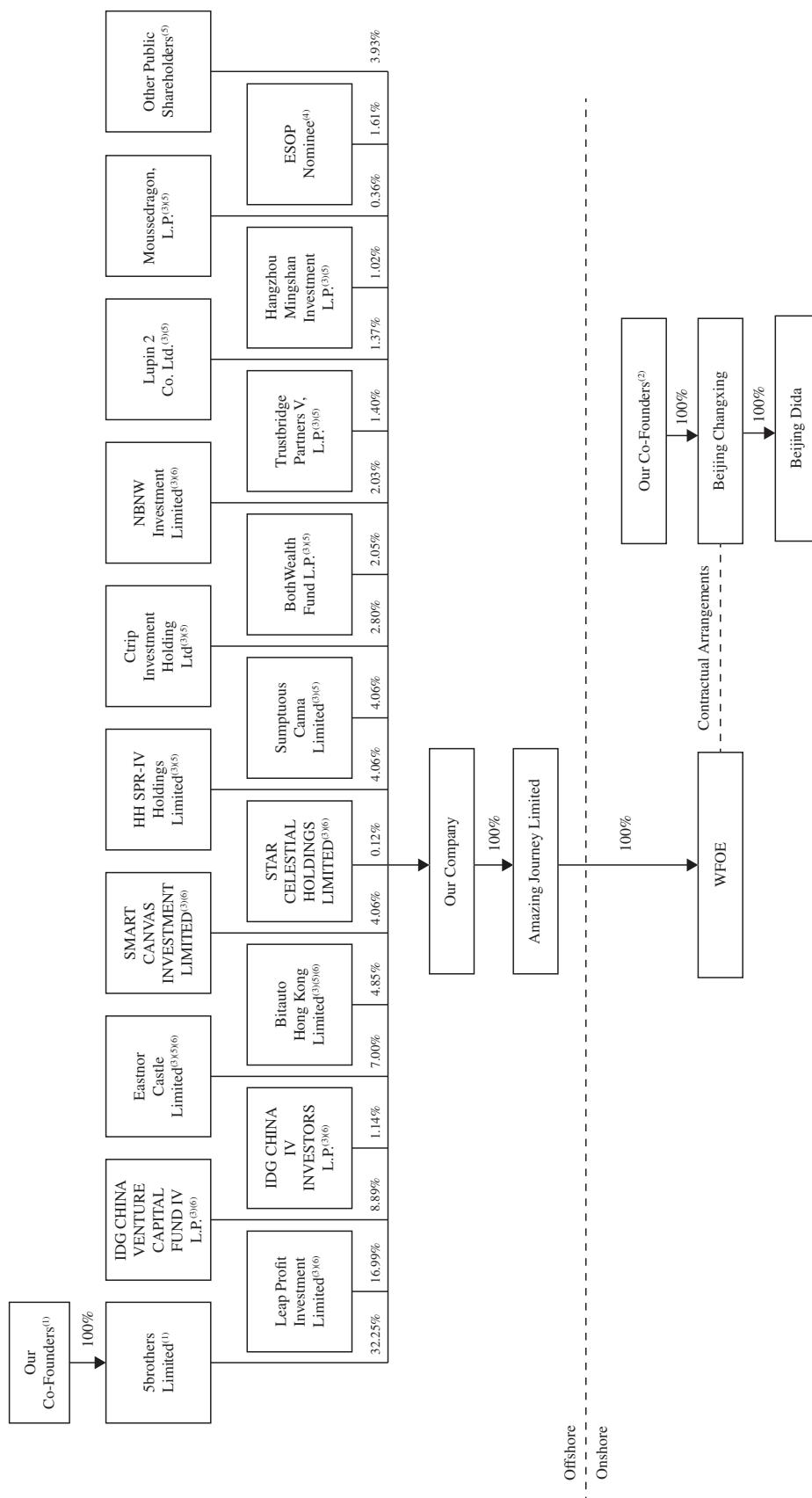
The following chart sets forth our corporate structure immediately prior to the completion of the Global Offering:



- (1) As of the Latest Practicable Date, 5brothers Limited was owned as to (i) 60.44% by GDP Holding Limited, a BVI company wholly owned by Mr. SONG, (ii) 10.64% by Golden Bay Limited, a BVI company wholly owned by Mr. LI Jinlong, (iii) 10.64% by More&More Limited, a BVI company wholly owned by Mr. LI Yuejun, (iv) 10.64% by Sweet Creation Limited, a BVI company wholly owned by Mr. ZHU Min and (v) 7.66% by Amber Cultural Limited, a BVI company wholly owned by Mr. DUAN Jianbo.
- (2) As of the Latest Practicable Date, Beijing Changxing was owned as to 60.58%, 10.54%, 10.54%, 10.54% and 7.82% by Mr. SONG, Mr. LI Jinlong, Mr. LI Yuejun, Mr. ZHU Min and Mr. DUAN Jianbo, respectively.
- (3) See “—Pre-IPO Investments—Information Regarding the Pre-IPO Investors” for details of these Pre-IPO Investors.
- (4) See “—Share Incentive Schemes” for details.
- (5) Except for the Proxy Shares held by Eastnor Castle Limited and Bitauto Hong Kong Limited, the Shares held by Eastnor Castle Limited, Bitauto Hong Kong Limited, HH SPR-IV Holdings Limited, Trustbridge Partners V, L.P., Sumptuous Canna Limited, Ctrip Investment Holding Ltd, BothWealth Fund L.P., Lupin 2 Co. Ltd., Hangzhou Mingshan Investment L.P. and MousseDragon, L.P. will count towards part of the public float. The public float of our Company upon the Listing will represent approximately 26.989% of the total issued share capital of our Company upon the Listing (assuming no exercise of the Over-allotment Option and without taking into account of any Shares that may be issued under the Share Incentive Schemes).

HISTORY AND CORPORATE STRUCTURE

The following chart sets forth our corporate structure immediately after the completion of the Global Offering, without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and any Shares that may be issued under the Share Incentive Schemes:



(1) – (5) See notes to the corporate structure on page 202.

(6) Pursuant to the Voting Proxy Deeds, 5brothers Limited will control approximately 66.39% of the voting power at the general meetings of our Company, including approximately 32.25% beneficially owned by 5brothers Limited and approximately 34.14% vested to it by the Proxy Investors. See “Our Company and Major Shareholding Changes—Voting Proxies” for details of the voting proxy arrangements.

HISTORY AND CORPORATE STRUCTURE

SAFE REGISTRATION

Pursuant to the Circular on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicle (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “Circular 37”) promulgated by SAFE and which became effective on July 4, 2014, (1) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle (the “Overseas SPV”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (2) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties. Pursuant to the Circular of SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) (the “Circular 13”) promulgated by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE branch to local banks where the assets or interest in the domestic entity are located.

As advised by our PRC legal advisors, each of Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun, the ultimate individual Shareholders of our Company has respectively completed the required registrations under SAFE Circular No. 13 and SAFE Circular No. 37 as of the Latest Practicable Date.

M&A RULES AND CSRC FILINGS

On August 8, 2006, six PRC regulatory agencies, including MOFCOM, SASAC, SAT, SAIC, CSRC and SAFE, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “M&A Rules”), which became effective on September 8, 2006, and was amended on June 22, 2009. Pursuant to the M&A Rules, a foreign investor is required to obtain necessary approvals when (1) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise through an increase of registered capital thereby converting it into a foreign-invested enterprise; or (2) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise (the “Regulated Activities”).

Given that (1) the CSRC currently has not issued any definitive rule or interpretation concerning whether the listing like ours are subject to the M&A Rules; (2) the WFOE was not established through mergers or acquisition of domestic companies owned by PRC companies or individuals as defined under the M&A Rules, and (3) that no provision in the M&A Rules clearly classified contractual arrangements as a type of transaction subject to the M&A Rules, as advised by our PRC legal advisors, unless any other new laws and regulations are enacted or MOFCOM and the CSRC publish

HISTORY AND CORPORATE STRUCTURE

new provisions or interpretations on the M&A Rules in the future, prior CSRC or MOFCOM approval under the M&A Rules for the Listing is not required, except that the Listing is subject to the relevant filing procedures with the CSRC under the Trial Measures.

As advised by our PRC legal advisors, based on the Trial Measures and the Notice, our Directors are of the view that we are required to submit and complete the filing under the Trial Measures prior to the completion of the Listing. Based on the advice of the Joint Sponsors' PRC legal advisors, nothing has come to the attention of the Joint Sponsors, who are not legal experts, to cast doubt on the Directors' view. We submitted the filing report on April 1, 2023, and have completed filing with the CSRC and obtained the notice of filing on February 6, 2024. See "Regulations—Regulations relating to Overseas Offering and Listing" and "Summary—Recent Regulatory Developments—Overseas Listing" for more information.

OVERVIEW

Who We Are

Dida is a technology-driven platform in China offering carpooling marketplace and smart taxi services, aiming to create more transit capacity with less environmental impact.

The demand for transportation through passenger cars is uneven throughout the day. It is uneconomical to serve this demand primarily with commercially operated cars which mainly consist of taxis and ride-hailing vehicles, particularly considering that China's ground transportation infrastructure is reaching its limits, with traffic congestion being a common ailment in cities across the nation. On the other hand, while personal vehicles represent a vast majority of mobility trips, the utilization rate of these passenger seats remained relatively low, being merely 30.3% in 2023, and the utilization rate for intra-city trips is even lower than that of inter-city trips, according to the F&S Report.

We believe that the approach to solving the car-based transport conundrum in China lies in a combination of commercial operations and collaborative solutions, which enhances the efficacy and efficiency of existing capacity. We aim to fulfill the unmet mobility demand primarily through our carpooling marketplace. We democratize carpooling through our carpooling marketplace, which enables private car owners to share transportation costs with riders through their underutilized vehicle capacity and provide mobility alternatives in low-density urban areas or inter-city transportation scenarios which are underserved by public transit. We helped create transit capacity of 54.6 million unutilized car seats as of December 31, 2023, which is calculated by multiplying the number of certified private car owners on our platform and the average of 3.5 idle car seats per small-sized private passenger car, representing approximately 4.5% of the total number of car seats in small-sized private passenger cars in China, according to the F&S Report. We also provide smart taxi services to better serve users' transport needs. In doing so, we endeavor to improve the traveling experience for everyone on the go.

We have been committed to promoting positive impacts on the environment and social welfare since our inception. Our mobility network increases transport supply while contributing to a cleaner environment by unleashing idle transit capacity without putting more vehicles on the road. We helped reduce more than 1.3 million tonnes of carbon dioxide in 2023, calculated by multiplying the difference between the carbon emissions of carpooling and other private transportation modes (such as private car trips) for the same travel distance and the total travel distance of carpooling trips on our platform in the same year. Such reduced amount of carbon emissions was equivalent to planting approximately 1.6 million acres of forest, according to the F&S Report. We promote sustainable and inclusive mobility solutions to the key stakeholders in the mobility community through technology-driven approaches.

Our Services

Carpooling marketplace

Carpooling has historically remained sporadic due to the inefficiencies in matching private car owners and riders. We launched our app-based carpooling marketplace in 2014 to invigorate carpooling with technology in China, which facilitates private car owners to share idle space in their personal cars with riders with similar travel itineraries.

Dida operated the second largest carpooling platform in China in terms of both GTV and the number of carpooling rides in 2023, according to the F&S Report, with RMB8.6 billion carpooling GTV and 130.3 million carpooling rides, representing a market share of 31.8% in terms of the GTV and a market share of 31.0% in terms of the number of carpooling rides. As of December 31, 2023, we offered our app-based carpooling marketplace services in 366 cities nationwide with approximately 15.6 million certified private car owners, of which 5.0 million, or 32.0%, were active certified private car owners in 2023. We only allow certified private car owners to provide carpooling rides through our platform after completing our stringent verification and background check process. Since our inception and up to December 31, 2023, we had served approximately 69.4 million unique carpooling riders.

China's technology-enabled carpooling, however, is still nascent. In China's car-based passenger transportation market, the respective market share of taxi and ride-hailing far exceed that of carpooling. According to the F&S Report, in 2023, taxi, ride-hailing and carpooling each had a market share of 54.2%, 41.4% and 4.4% of China's car-based passenger transportation market in terms of GTV, respectively. The GTV of China's carpooling market is expected to reach RMB103.9 billion in 2028, representing a market share of 8.4% in China's car-based passenger transportation market in 2028, and the penetration rate of carpooling vis-à-vis transportation by private passenger cars, in terms of travel distance, is expected to increase from 0.36% in 2024 to 0.80% in 2028, according to the same source. We are poised to capture the growing market opportunity.

Smart taxi services

China's taxi industry is enormous. With approximately 1.4 million taxis transporting approximately 23.1 billion passengers in intra-city trips in 2023 alone, taxi remains the largest segment in China's car-based passenger transportation market, according to the F&S Report. Despite its clear dominance in the market, China's taxi industry has failed to achieve a sufficient level of operating efficiency and customer satisfaction, as the industry has been slow to adapt to the digitalization in the mobile internet era and the challenges brought by the emergence of online ride-hailing platforms. According to the F&S Report, roadside-hailing remains dominant with a market share of 88.9% in terms of GTV across China in 2023 and will continue to evolve in parallel with online-hailing, serving the mass population's diversified travel needs.

BUSINESS

We commenced our smart taxi services in 2017 with a focus on developing online-hailing solutions, which are delivered by our *Dida Taxi App* for taxi drivers and *Dida Mobility App* for riders. In 2023, Dida ranked as the No. 4 online platform in China in terms of the number of taxi online-hailing rides, according to the F&S Report. We also developed other smart taxi services for roadside-hailing, which are delivered by various digital toolkits for riders to bring the convenience of the mobile internet to the taxi hailing and riding experience. In addition, we launched *Phoenix Taxi Cloud*, a cloud-based taxi management toolkit for taxi companies to streamline the operation and management of their fleets. As of the Latest Practicable Date, we rendered our taxi online-hailing services in 91 cities in China, including 80 cities where we had charged service fees to taxi drivers for taxi rides we facilitated. Going forward, we expect to gradually charge service fees in the other cities after achieving daily completed rides of approximately 1,000 with a response rate of approximately 50%, subject to variations based on the size of the city, which we consider can ensure minimally satisfactory user experience.

We collaborate with local transportation authorities, taxi companies and associations for our taxi online hailing services and other smart taxi services. As of December 31, 2023, we had entered into strategic cooperation agreements or memoranda for our taxi online-hailing and/or other smart taxi services with local transportation authorities, taxi companies and/or municipal or district taxi associations in 79 cities, among which we had implemented the strategic cooperation with respect to other smart taxi services in 17 cities and are poised to replicate our local collaboration in other cities. We plan to expand into more cities and gradually launch our smart taxi collaboration, which we believe would promote our service mode, cultivate user habit and accumulate user base for our platform to lay the foundation for the sustainable long-term growth of our smart taxi services. While we are still in the early stage of developing these other smart taxi services, we hope to attract more users to our platform through these services, which, in turn, is expected to drive the recovery and growth of our taxi online-hailing business. Moreover, we plan to gradually charge service fees in more cities for our smart tax services after achieving a heightened level of response rate, data accuracy, algorithm sophistication and user coverage.

Advertising and other services

Leveraging the large user base accumulated on our platform, we provide advertising services by selling in-app advertising spaces either directly or through advertising programmatic companies to third-party merchants. We also connect our users with select vendors of refueling, vehicle maintenance, second-hand vehicle trading, vehicle washing, vehicle insurance and financial services through advertisements and links on our platform.

Our Scale and Financial Performance



- (1) Include cities where we had entered into strategic cooperation or memoranda with taxi companies and municipal or district taxi associations.
- (2) As of December 31, 2023.
- (3) As of the Latest Practicable Date.
- (4) In 2023.
- (5) Includes the aggregate GTV generated through our carpooling marketplace and taxi online-hailing services.

Our Revenue Model

We generate revenue primarily from charging service fees to private car owners providing carpooling rides on our platform, and to a lesser extent, from charging service fees to taxi drivers. We also generate revenue from advertising and other services.

As a pure-play information service provider, we have achieved sustainable financial performance. We do not own or lease fleet vehicles, nor do we bear any costs of car ownership. The ride fees our private car owners receive usually represent a sharing of their travel cost, rather than a means of livelihood, and non-financial motivations, such as helping riders in need by sharing idle seats, often play an integral part in their decision to offer carpooling rides, according to the F&S Report. For instance, through our gratitude program, private car owners may receive virtual flowers with thank-you notes sent by riders as an expression of their appreciation for the hospitality and help that they enjoyed during the rides. As a result, we can facilitate carpooling services at an attractive price to riders, and at the same time, become profitable as we generally do not need to provide significant subsidies to private car owners once our platform has gained market acceptance. During the Track Record Period, subsidies we provided to private car owners generally ranged from nil to 10% of the GTV of each carpooling trip, depending on various factors such as the travel distance and the local city-level economic conditions. In 2021, 2022 and 2023, the total amount of subsidies to

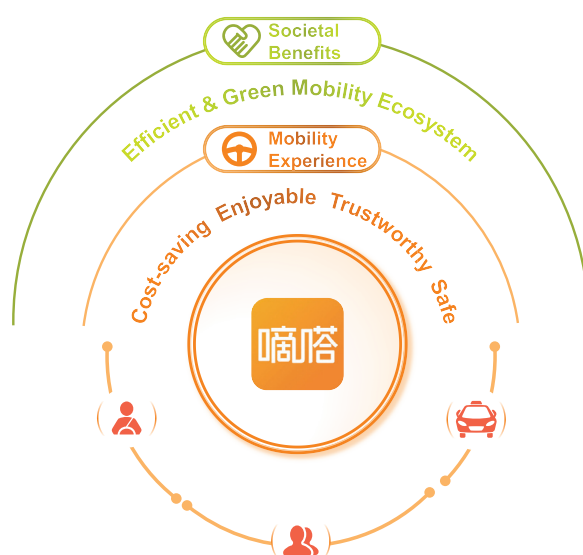
BUSINESS

private car owners and user incentives for carpooling riders we incurred was RMB0.1 billion, RMB0.1 billion and RMB0.2 billion, respectively, accounting for 1.8%, 1.9% and 1.8% of the GTV of our carpooling marketplace in the same year, respectively. We are likewise not compelled to retain taxi drivers with substantial subsidies as they utilize our services primarily to obtain online orders to supplement the orders generated from roadside-hailing, and in turn, increase their earnings and enhance the utilization rate of their vehicles.

Our business remained resilient amid the challenges from the COVID-19 pandemic, as we do not bear any costs of car ownership or related depreciation, nor do we need to incur large capital expenditures to support our business recovery after the pandemic. Our revenue was RMB780.6 million, RMB569.1 million and RMB815.1 million in 2021, 2022 and 2023, respectively. Our gross profit was RMB631.3 million, RMB427.6 million and RMB605.4 million in 2021, 2022 and 2023, respectively, representing a gross profit margin of 80.9%, 75.1% and 74.3% for the same years, respectively. We remained profitable in terms of adjusted net profit (non-IFRS measure) during the Track Record Period. Our adjusted net profit (non-IFRS measure) was RMB238.0 million, RMB84.7 million and RMB225.6 million in 2021, 2022 and 2023, respectively, representing an adjusted net profit margin (non-IFRS measure) of 30.5%, 14.9% and 27.7% for the same years, respectively. See “Financial Information—Description of Major Profit or Loss Line Items—Non-IFRS Measure” for a reconciliation of our profit/loss for the year to adjusted net profit (non-IFRS measure).

Our Value Propositions to Key Stakeholders

As we pursue operational excellence and the long-term trust of our users and other key stakeholders, we leverage our technology and capabilities to build a trust system for the digital mobility ecosystem and promote sustainable development.



Riders

Diverse options and lower cost of getting around. Our platform allows riders to access diverse mobility options with different price, time and travel preferences, through private car owners or taxi drivers and on a pre-arranged or immediate basis. Particularly, with our carpooling marketplace, we have introduced a point-to-point mobility option that balances cost, comfort and time associated with traveling. Carpooling riders can enjoy a private and comfortable trip comparable to taxi rides for no more than half the price on average.

Trust and safety. High standards of safety and service quality on our platform are our top priorities. We maintain rigorous internal management systems and implement a comprehensive set of safety mechanism throughout each ride, including identity verification, background checks, rating and review system, real-time monitoring system and a 24/7 emergency response mechanism to promptly address emergency situations. We only allow certified private car owners to provide carpooling rides through our platform after completing our verification and background check process. We are dedicated to promoting carpooling among strangers by implementing measures to facilitate a safe environment for both carpooling riders and private car owners.

Hospitable and pleasant rides. Characterized by mutual benefits, carpooling allows our users to become collaborators by taking rides at times and providing rides at other times. As a result, the atmosphere during rides is often hospitable and pleasant. In addition, leveraging our app-based taxi online-hailing services and other digital tools for better taxi roadside-hailing experience, such as *Taxi Smart Code* and *Taxi Hailing Assistant*, we also improve the taxi riding experience for riders.

Private car owners

Cost-savings and beyond. Private car owners could save money on gas and tolls by sharing costs related to traveling with carpooling riders. During the Track Record Period, we enabled private car owners to save an aggregate of approximately RMB20.7 billion of travel costs by offering their idle seats through our platform, which is calculated as GTV generated through our carpooling marketplace services minus the corresponding revenue generated during the Track Record Period. In addition to cost-savings, many private car owners are motivated by non-financial rewards, such as helping riders in need by sharing idle seats, networking opportunities, or a simple desire to have company for the ride, according to the F&S Report. Approximately 80% of the private car owners have monthly income from Dida that accounts for less than 10% of their total monthly income, according to the same source. To encourage communications and connections among our users, we launched our gratitude program in 2021, allowing riders to send virtual flowers with thank-you notes to private car owners as an expression of their appreciation for the hospitality and help that they enjoyed during the rides.

Trust and safety. We believe that trust and safety are the glue that holds our users together. We protect private car owners with a similar standard comparable to riders. In addition, through collaboration with a reputable insurance company, personal injuries incurred during all trips generated on our carpooling marketplace are insured at no additional charges to our users. With this additional layer of protection, we effectively encourage more private car owners to post their itineraries on our marketplace and facilitate more rides.

BUSINESS

Convenience and transparency. We pre-set the price for each carpooling trip based on locality, distance and the number of carpooling riders. In doing so, we prevent haggling and disputes between private car owners and riders.

Taxi industry

Better efficiency and earnings for taxi drivers. Taxi drivers can grab orders generated on our app anytime and anywhere, without having to travel empty miles and wait for random roadside-hailing. These supplementary orders allow taxi drivers to increase their earnings and enhance the utilization rate of their vehicles. Leveraging our real-time data analytics and predictive demand capabilities, we also provide taxi drivers with route optimization support to guide their cruise in pilot cities.

Service quality improvement. Our smart taxi services seek to improve the quality of conventional taxi services by allowing riders to rate and review taxi drivers for each trip, regardless of the source of origination, and giving priority to the driver with higher ranking based on the review when multiple drivers compete for the same order.

Smart operations. We provide a range of digital service and product offerings, including *Phoenix Taxi Cloud*, a cloud-based taxi management toolkit designed for taxi companies and associations to streamline the operation and management of their fleets, optimize operational efficiency by monitoring the workload and performance of their taxi drivers, reviewing the operational and financial performance, and assisting with the handling of complaints submitted to the local transportation authorities.

Societal benefits

Through our value propositions to the key stakeholders in the mobility ecosystem, we provide sustainable, long-term benefits to the overall society.

Large-scale policy implementation. In recent years, Chinese regulators at various levels released various policies and guidelines to tackle traffic congestion and carbon emissions, including a commitment to promote carpooling under a sound regulatory framework and reform China's traditional taxi industry. These regulatory initiatives call for a concerted effort by individuals, corporates and agencies. We believe that our mission to provide efficient and sustainable mobility solutions is harmonious with these initiatives and facilitates their day-to-day implementation.

BUSINESS

Informed decision-making. Leveraging our knowhow distilled from the transactions generated through our platform and user behavior, we help city planners and policymakers gain data insight into city transportation capacity and patterns, assisting them in making informed decisions in regional transportation management and optimization. For example, we partnered with Xi'an City Taxi Administration to compile and publish the 2019 Data Report of Xi'an Taxi with our input on transportation congestion, taxi hailing patterns at different localities and times, and the fleet efficiency and service quality. We are also invited to attend seminars on a regular basis with various regulators, including the heads of regional transportation authorities, industry insiders and other market participants, sharing our first-hand experience in advocating efficient and sustainable mobility solutions.

Improved livability with sustainable mobility. Improving the mobility ecosystem is helping to create healthier, less polluted and more livable cities. Our dedication to promoting sustainable mobility solutions brings about numerous societal benefits, including reductions in energy wastage and carbon emissions, traffic congestion and parking infrastructure demand.

COMPETITIVE STRENGTHS

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

Technology-driven carpooling and smart taxi platform

We are a technology-driven platform, aiming to create more transit capacity with less environmental impact by primarily providing carpooling marketplace services to fill up idle seats on private passenger cars. We also provide smart taxi services to a much lesser extent, aiming to improve the efficacy and efficiency of relevant stakeholders in the taxi industry in China. In doing so, we improve the traveling experience for everyone.

We operated the second largest carpooling platform in China in terms of both GTV and the number of carpooling rides in 2023, according to the F&S Report, with RMB8.6 billion carpooling GTV and 130.3 million carpooling rides, representing a market share of 31.8% in terms of the GTV and a market share of 31.0% in terms of the number of carpooling rides. As of the Latest Practicable Date, we offered our app-based carpooling marketplace services in 366 cities nationwide. As of December 31, 2023, our platform had approximately 15.6 million certified private car owners, of which 5.0 million, or 32.0%, were active certified private car owners in 2023. Since our inception and up to December 31, 2023, we had served approximately 69.4 million unique carpooling riders. We use various technologies to facilitate carpooling. For instance, according to the F&S Report, we were the first to introduce one-tap access to police assistance for carpooling services, providing an extra layer of safety in case of emergency. Moreover, we aim to promote the welfare for all industry participants in partnership with cities, authorities and other institutions. With established nationwide network, we believe we are uniquely positioned to further expand our footprint in the still nascent carpooling market as we continue to unleash the power of our extensive network and the evolution of China's mobility industry.

We are also a smart taxi service provider, offering taxi online-hailing services and various digital toolkits to digitalize the conventional roadside taxi hailing experience. In 2023, we ranked as the No. 4 online platform in China in terms of the number of taxi online-hailing rides, according to the F&S Report. As of the Latest Practicable Date, we rendered our taxi online-hailing services in 91 cities in China, including 80 cities where we had charged service fees to taxi drivers for taxi rides we facilitated. As of December 31, 2023, we had entered into strategic cooperation agreements or memoranda for our taxi online-hailing and/or other smart taxi services with local transportation authorities, taxi companies and/or municipal or district taxi associations in 79 cities, among which we had implemented the strategic cooperation with respect to other smart taxi services in 17 cities and are poised to replicate our local collaboration in other cities, such as Hohhot, Huangshi and Shaoyang.

We have received numerous awards in recognition of our service offerings and our dedication to advancing China's mobility ecosystem. In 2023, we received the Urban Development Contribution Award (城市發展貢獻獎) from Guangzhou Daily (廣州日報). In 2022, we received KPMG's China Future—Outstanding ESG Innovation Award (KPMG ESG最佳創新獎). In 2021, we were recognized as the Best Mobility Service Provider (2021年度最佳出行服務商) by T-EDGE Conference and Awards.

Network effect enabled by our business model

We believe that building an open platform that facilitates sharing of idle transit capacity is crucial to capturing and matching unparalleled supply and demand in China's mobility industry. By facilitating carpooling rides and enabling taxi drivers to improve the utilization of their vehicles, we are able to provide inclusive mobility solutions to a mass market in a cost-effective and efficient manner, as we do not need to pay significant subsidies to attract our users, nor do we bear any costs of car ownership. As a pure-play internet information service provider, we can quickly expand business scale while preserving profitability.

The rapid adoption of our platform, as evidenced by the expansion of our user base in the past years, has proven the compatibility of our platform model in serving our purposes. As we grow the number of drivers on our platform, we are able to attract more riders to request rides on our platform with reduced waiting time, improved response rate and enlarged geographic coverage. More riders, especially more active riders, result in an increased volume of trips and higher utilization of the mobility capacity available on our platform, which attracts more drivers to post their itineraries and/or take orders on our platform, forming a virtuous cycle. Since our inception and up to December 31, 2023, we had served an aggregate of approximately 69.4 million unique carpooling riders in 366 cities. As the scale of our network across the nation continues to grow, it further enables us to deliver superior user experience as we distill insights from the transactions, increase user stickiness and deepen our competitive moat.

Long-term growth underpinned by user-centricity

Over the years, we have consistently focused on refining platform features, establishing comprehensive mechanisms and optimizing user support to deliver quality end-to-end experience to riders and drivers on our platform.

Cooperative mechanisms

Our various services are built on mutually beneficial mechanisms that we established over the years to nurture a collaborative community. For example, in our carpooling marketplace service, our advanced routing algorithms determine the optimal route to complete the trip, enabling both private car owners and riders to reduce their wait time and travel distance. In addition, our platform allows a private car owner to match with multiple riders in a single ride, subject to carpooling riders' consent and a daily limit on the total number of rides that can be taken, making it possible to improve cost efficiency with minimal time cost. We also launched a proprietary rewarding program to encourage communications and connections between drivers and riders.

In our smart taxi services, we offer various digital toolkits, such as the *Taxi Smart Code*, which digitize taxi rides and incentivize taxi drivers to deliver better service in exchange for more positive reviews, thereby attracting more orders. In Xi'an, the overall passenger satisfaction rate with taxi drivers reached 98% in January 2022 following our launch of smart taxi collaboration with the local transportation authority and taxi association there. In addition, in certain pilot cities, we have launched digital toolkits to guide taxi drivers to areas in high-demand on a real-time basis, improving the hailing efficiency for riders and earnings for taxi drivers.

Platform user support

As a bridge connecting both drivers and riders, we prioritize users' safety and well-being. We have built a comprehensive and efficient safety mechanism for riders, private car owners and taxi drivers. For example, we provide a full set of safety toolkits on our *Dida Mobility App*, including emergency contacts, real-time trip information sharing, recording, and 24/7 emergency response mechanism. We also collaborated with reputable insurance company, ensuring that personal injuries incurred during all trips generated through our carpooling marketplace are insured. We are dedicated to democratizing inclusive mobility solutions for everyone. As such, in 2021, we launched *Easy Mode* (助老模式) in our *Dida Mobility App*, which is user-friendly for the elderly to gain access with just a few taps.

We believe user centricity has underpinned our long-term growth, making us the second largest carpooling platform in China in terms of both GTV and the number of carpooling rides in 2023, according to the F&S Report. Since our inception and up to December 31, 2023, we had served an aggregate of approximately 69.4 million unique carpooling riders. Our network of 15.6 million certified private car owners (including 5.0 million active certified private car owners in 2023) across 366 cities as of December 31, 2023 has laid a solid foundation for our future growth.

Our commitment to the positive impact on the environment and society

At Dida, we believe in transition to efficient, clean transportation, and have remained committed to our business philosophy of prompting services and products with positive impact on the environment and society.

Green options

Our carpooling marketplace focuses on creating new capacity without over-burdening the road space with additional vehicles. In 2023, our users reduced more than 1.3 million tonnes of carbon dioxide through using our carpooling marketplace, which was equivalent to planting approximately 1.6 million acres of forest, according to the F&S Report. We also provide smart taxi services to improve the efficiency of China's taxi industry, increasing the utilization rate of taxis and, therefore, cutting back on empty miles travelled by taxi drivers on our platform.

Industry-wide digitalization

Taxi industry is the largest segment of car-based transportation in China but, at the same time, has the lowest digitalization rate in China, according to F&S Report. We believe the key to improving the efficiency of the traditional taxi industry lies in building a digital infrastructure that fundamentally reshapes transactions and user experience. With our cloud-based smart taxi solutions, we aim to bring the convenience of the mobile era to the taxi-hailing and riding experience, integrate online and offline experience seamlessly, and, ultimately, advance digitalization of the taxi industry. For example, our *Taxi Smart Code* digitalizes the traditional way of hailing a taxi by transforming roadside-hailing trips into "online orders." This allows users to benefit from various platform features, such as fares and wait time estimate, online payment option, online review system and lost-and-found tracking, which are usually absent from roadside-hailing scenario.

As a market forerunner, we can leverage favorable and supportive industry tailwinds and capitalize on the market opportunity, as evidenced by the endorsement we received from local regulators and industry associations. For example, in 2021, we were named in the *Model Cases of Internet Public Welfare* (網絡公益典型案例) by the Cyberspace Administration of Shaanxi. We were also honored the Special Contribution Award for Digital Transformation and Upgrade of Taxi in Xi'an City (西安市巡遊出租汽車數字化轉型升級特殊貢獻獎) by Xi'an Taxi Management Bureau (西安市出租車管理處) and Xi'an Taxi Association (西安市出租車協會) in recognition of our promotion of the taxi digital transformation in Xi'an city in 2020.

Advanced technology to facilitate mobility solutions

Carpooling has historically remained sporadic due to the inefficiencies in matching drivers and riders and people's concerns over sharing rides with strangers. We improve carpooling experience with proprietary and advanced technologies.

Efficiency

Leveraging matching, dispatching algorithms and navigation based on big data, we have significantly improved the efficiency of carpooling. Leveraging our sophisticated algorithms, we are able to accurately match multiple trip partners while taking into account a variety of factors, such as car owners' profiles, riders' itineraries and route optimization. As a result, the response rate of our carpooling services reached 56.4%, 58.8% and 66.5% in 2021, 2022 and 2023, respectively, which was higher than the industry average of approximately 50% to 55%, according to F&S Report. Based on our navigation technology, we provide various applications, including path planning, intelligent recommendation of pick-up and drop-off spots, and real-time display of driver and rider locations. Our proprietary technology supports approximately 45,000 path planning requests per second, optimizing for the nearest pick-up location and minimizing wait time and travel distance.

Trust and safety

We leverage various advanced technologies, including artificial intelligence, cloud technologies and navigations, to secure the safety of our users. For example, we were the first to introduce one-tap access to police assistance for carpooling services, according to the F&S Report. Our navigation technologies can automatically trace every trip and detect dangerous driving patterns. If a vehicle deviates from the planned route or stays still for a noticeable long time at a location during the trip, our system will automatically detect the patterns. During the Track Record Period and up to the Latest Practicable Date, there had been no malicious violent crime perpetrated on our platform.

Digitalization

We help the taxi industry re-examine and reform its business practices, which have remained unchallenged for decades, largely due to technological restraints. Equipped with cloud-based technologies, our digital toolkits, such as *Taxi Smart Code* and *Taxi Hailing Assistant*, digitalize the traditional way of hailing a taxi. We also offer *Phoenix Taxi Cloud*, a cloud-based taxi management toolkit designed for taxi companies and associations, to streamline the operations and management of their fleets, allowing them to monitor the workload and performance of their taxi drivers and improve their productivity.

We have invested significant resources in proprietary technologies, particularly in the fields of artificial intelligence, machine learning and big data analytics, to enhance user experience and ensure the sustainable growth of our platform. As of December 31, 2023, we had a research and development team of 210 members, representing approximately 52.0% of our total employees, and all of them hold a bachelor's degree or above.

Experienced management with long-term vision

We have benefited from the leadership of a seasoned management team. Our Co-Founders have led our Company with a view to make the mobility ecosystem more efficient and greener. Their foresight and sagacity, in-depth industry expertise, extensive managerial experience, and long-term focus and commitment underpin our current accomplishment and future direction.

BUSINESS

Members of our senior management have accumulated an average of 20 years of relevant industry experience from serving numerous world-class enterprises, including information technology, online-to-offline commerce, product development, sales and marketing, and traffic management. Mr. SONG, our founder, chairman and chief executive officer, is the fundamental pillar of our Company and has delivered strong business results leveraging his experience serving as a vice president at Hewlett-Packard China and a sales general manager at Google China. Our other co-founders are also instrumental in growing our business with their complimentary skillsets and proven track record in their areas of expertise from serving Google, Baidu, Yahoo!, Procter & Gamble and Motorola.

GROWTH STRATEGIES

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

Strengthen market position in the carpooling industry

We aim to further strengthen our market position and enhance our brand influence in the carpooling industry in China. We will continue to leverage the network effect of our platform to grow our user base by optimizing our service offerings and improving user experience. For example, we plan to further increase matching efficiency with operational knowhow and technological advancement. By harnessing big data analytics and artificial intelligence technologies, we have enhanced the precision of our match algorithms. The improvement allows for a more accurate analysis of the attributes and preferences of the drivers and the riders, as well as the specifics of the order, thereby increasing the response rate and reducing the wait time. In addition, we intend to implement effective marketing strategies, such as conducting online marketing and promotional activities, as well as offline carpooling promotional and educational campaigns. We also plan to promote our inter-city carpooling services as a more enjoyable alternative mobility mode to public transportations, such as inter-city bus and trains, in metropolises and their adjacent areas, including Shanghai, Suzhou and Hangzhou, where we have gained solid market acceptance. We have introduced a range of promotional campaigns specifically for inter-city carpooling trips, including the provision of coupons and reward incentives. Through such initiatives, we expect to build a well-recognized brand image advocating affordable, responsible and safe travel methods to generate organic traffic, increase our penetration and grow our market share.

Continue expanding our smart taxi services

We will continue expanding the geographical coverage of our smart taxi services and exploring collaboration opportunities with an increasing number of taxi companies and associations. We set our expansion plan in anticipation of sufficient market demand for our smart taxi services, considering the historical performance of our smart taxi services and the market trend of industry-wide digitalization. For example, we had entered into strategic cooperation agreements or memoranda for our taxi online-hailing and/or other smart taxi services with local transportation authorities, taxi companies and/or municipal or district taxi associations in 79 cities as of December 31, 2023, compared to 21 cities as of December 31, 2020. Among the 79 cities, we had implemented the strategic cooperation with respect to other smart taxi services in 17 cities, and are poised to replicate our local collaboration in other cities.

BUSINESS

While our taxi online-hailing business was negatively impacted by the intensified competition arising from the influx of drivers into China's ride-hailing industry and the cessation of our cooperation with aggregation platforms related to taxi online-hailing services, we believe that the decreasing trend of our taxi online-hailing services during the Track Record Period would not be long-lasting and would gradually improve for the following reasons: (1) our extensive experience in China's taxi online-hailing sector and our strong ties with taxi companies, local transportation authorities and taxi associations are expected to benefit the long-term development of our other smart taxi services, such as *Taxi Smart Code* and *Taxi Hailing Assistant*; and (2) given that many of the newly added ride-hailing drivers do not possess the necessary qualifications or permits to provide these services, we expect the temporary glut of drivers to recede as the industry sees tighter regulatory enforcement.

Although China's taxi industry, challenged by the rapidly growing ride-hailing market, has not fully embraced digitalization, it retained a considerable market share of 54.2% in China's car-based passenger transportation market in 2023, and is expected to maintain its dominance and vitality in the foreseeable future, according to the F&S Report. We anticipate that China's taxi industry will thrive from the accelerating digital transformation, and we believe that merging traditional roadside taxi-hailing with online hailing could introduce enhanced efficiency and flexibility in China's car-based passenger transportation market, according to the same source. Our business expansion plans are thus geared towards realizing this blend of taxi services. Accordingly, we plan to expand into more cities and gradually launch our smart taxi collaboration, which we believe would promote our service mode, cultivate user habit and accumulate user base for our platform to lay the foundation for the sustainable long-term growth of our smart taxi services. As of the Latest Practicable Date, we had rendered our taxi online-hailing services in 91 cities, and charged service fees to taxi drivers for taxi rides facilitated by our taxi online-hailing services in 80 cities. We also expect to gradually charge service fees in other cities along with our business development. Leveraging the user and traffic data generated on our platform, we plan to continuously upgrade our *Phoenix Taxi Cloud* with enhanced features and modules to help taxi companies and associations improve their operational efficiency. We also intend to offer taxi companies, taxi associations and regulators new digital toolkits to assist in their management of taxi drivers and public transit based on the prediction of regional fluctuations of the supply and demand of mobility resources.

Enhance monetization capabilities and diversify monetization channels

We will further enhance our monetization capabilities and diversify our monetization channels. For our carpooling marketplace, we intend to further develop advertising and other services, such as automobile value-added services and more customized advertising services, to attract more corporate customers and capture monetization opportunities along the value chain of China's mobility market. For our smart taxi services, we intend to step up our monetization efforts nationwide and explore additional types of service charges as we continue to refine our services and products and enlarge our user base. Over the past few years, we have been strategically focusing on cultivating our smart taxi services by expanding our geographical coverage through forming and launching collaborations in an increasing number of cities. As of the Latest Practicable Date, we had charged service fees to taxi drivers for taxi rides facilitated by our taxi online-hailing services in 80 cities. Going forward, we plan to gradually charge service fees in the other cities after achieving a heightened level of data accuracy, algorithm sophistication and user coverage.

BUSINESS

Advance our technological capabilities and operational efficiency

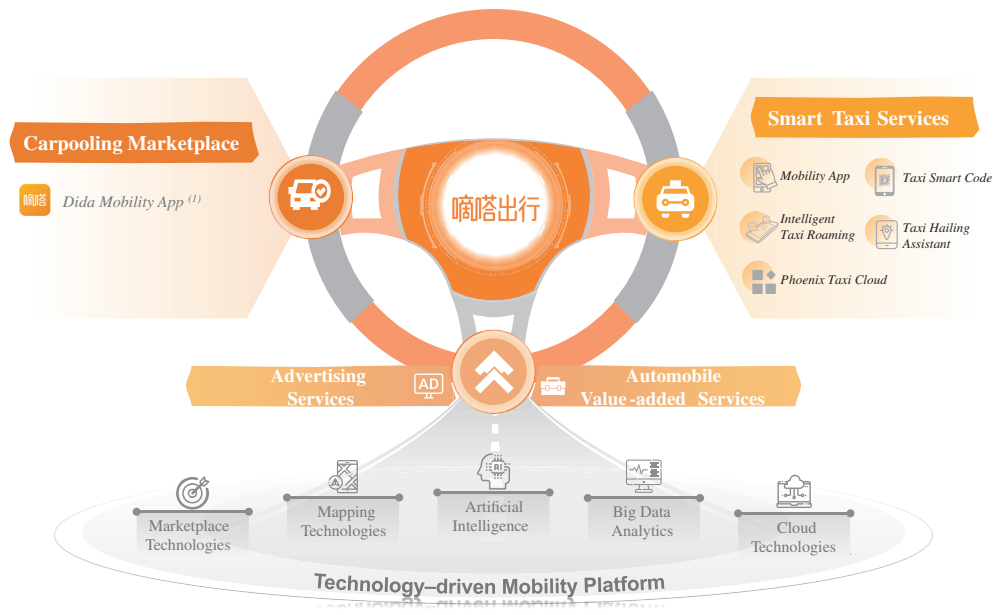
We will continue to invest in advanced technologies, in particular artificial intelligence and machine learning technologies, to refine routing and matching algorithms in terms of speed and accuracy. We also intend to distill more user insights based on the transactions generated on our platform. In addition, we plan to provide better user experience and upgrade the user interface of our products. Particularly, we will improve existing features, such as in-app navigation, intelligent recommendation of pick-up and drop-off spots and real-time display of driver and rider locations, to create a seamless user experience. Moreover, we intend to further upgrade our safety mechanism with advanced technologies, such as smart hardware, facial recognition, virtual number and real-name authentication technologies to further improve user experience and increase user loyalty. To achieve this, we intend to recruit top-notch industry talents, including researchers and engineers, as well as graduates from top institutions. We may also develop joint research programs in collaboration with prestigious research institutions or universities.

Pursue strategic alliances, investments and acquisitions

We intend to selectively pursue strategic alliance, investment and acquisition across the value chain of China's mobility market to further strengthen our competitiveness. We will evaluate and execute alliance, investment and acquisition opportunities that complement and scale up our business, optimize our profitability, help us penetrate adjacent sectors of China's mobility market, and add new capabilities to our platform. For instance, we may pursue acquisition targets, such as intelligent hardware companies and map data companies, that are closely related to our existing services and assist us in improving our future services. We may also cooperate with large technology platforms to benefit from their massive user traffic and explore new business opportunities for our services. As of the Latest Practicable Date, we had not identified any potential investment or acquisition targets.

OUR SERVICE OFFERINGS

We fill up the idle seats on private passenger cars through our carpooling marketplace and improve the capacity utilization and user experience for taxis through our smart taxi services. We also provide advertising and other services leveraging our user traffic. We serve primarily individual users through our mobile apps including *Dida Mobility App* and *Dida Taxi App*, and *Dida WeChat Mini-program*. We also serve enterprise customers, comprising taxi operators and taxi associations, with our cloud-based taxi management toolkit, *Phoenix Taxi Cloud*. The following diagram sets forth a simplified presentation of our major service and product offerings as of the Latest Practicable Date.



(1) Includes *Dida WeChat Mini-program*.

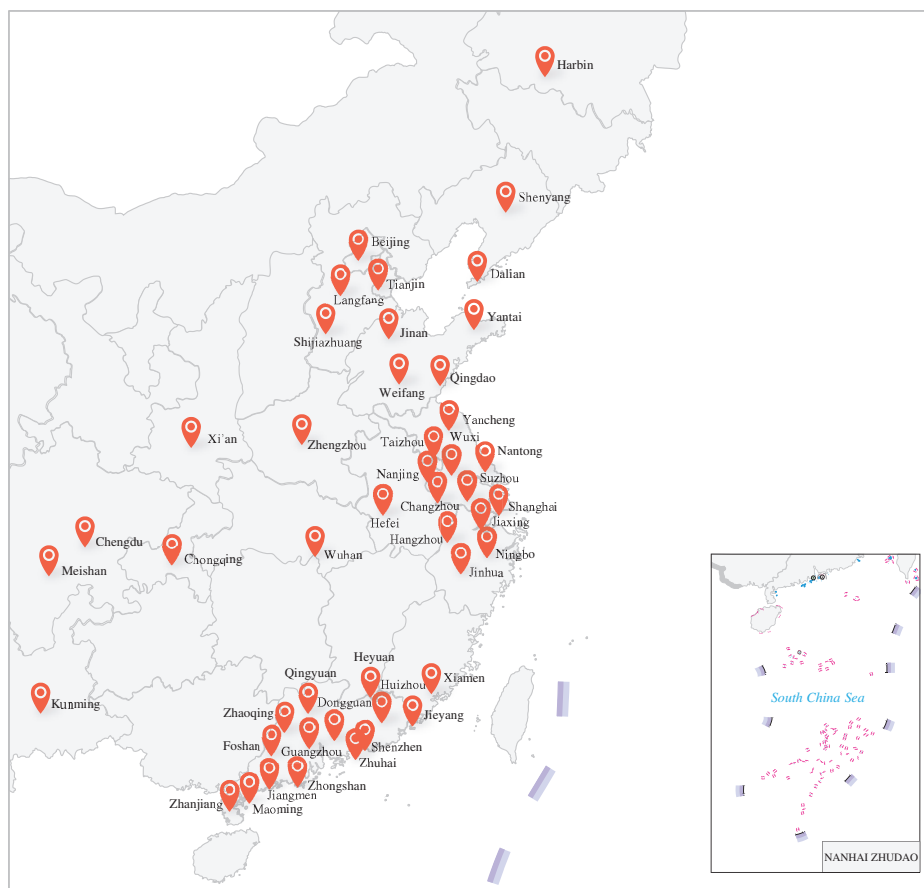
Carpooling Marketplace

Carpooling has historically been limited to neighbors and among friends and acquaintances due to inefficiencies in matching private car owners and riders. We launched our app-based carpooling marketplace in 2014, which connects private car owners with riders with similar travel itineraries. Our target carpooling riders primarily include riders who utilize carpooling for their daily commutes or other regular journeys with pre-planned travel itineraries rather than on-demand travel needs, and riders who seek cost-effective alternatives for non-routine travel (e.g., inter-city trips, long-distance intra-city trips on weekends, or homecoming trips during holiday seasons). We have obtained all necessary licenses, including the business license (營業執照) under the Company Law of the People’s Republic of China (中華人民共和國公司法) and the VATS License under the Telecommunications Regulations, the Telecommunications Measures and the Internet Measures for our carpooling marketplace services. Other than that, we are not required to obtain any specific license.

As of December 31, 2023, we offered our carpooling marketplace services in 366 cities nationwide with approximately 15.6 million certified private car owners, of which 5.0 million, or 32.0%, were active certified private car owners in 2023. During the Track Record Period, we generated a substantial majority of the total GTV of our carpooling marketplace services in 46 cities. Since our inception and up to December 31, 2023, we had served approximately 69.4 million unique carpooling riders. We attract carpooling riders and private car owners primarily through marketing campaigns and word-of-mouth referrals. See “—Sales and Marketing.”

The following map illustrates the geographical location of the 46 cities which contributed to a substantial majority of the total GTV of our carpooling marketplace services.

BUSINESS



The following table sets forth a breakdown of the GTV generated from our carpooling marketplace services by region for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentages)					
Region						
Guangdong	2,686	34.7	1,877	31.0	2,383	27.6
Shanghai, Jiangsu and Zhejiang	1,926	24.8	1,537	25.4	2,442	28.3
Sichuan and Chongqing	884	11.4	833	13.7	1,049	12.1
Northeast China ⁽¹⁾	917	11.8	766	12.6	1,074	12.4
Beijing, Tianjin and Hebei	693	9.0	491	8.1	891	10.3
Others	645	8.3	557	9.2	797	9.2
Total	<u>7,751</u>	<u>100.0</u>	<u>6,061</u>	<u>100.0</u>	<u>8,636</u>	<u>100.0</u>

(1) Includes Shandong, Heilongjiang, Liaoning and Jilin provinces.

BUSINESS

The total GTV of our carpooling marketplace services increased in 2023 compared to 2022, along with our business recovery from the adverse impact of COVID-19 outbreaks. The GTV of our carpooling marketplace services generated from Guangdong decreased as a percentage of our total GTV in 2023 compared to 2022, primarily due to the intensified market competition in the local market of Guangdong province which is a primary operational focus for certain other market players, whereas we have not prioritized that region. We started our carpooling marketplace services relatively early in Guangdong province and, as a result, it contributed the largest proportion of our carpooling marketplace services GTV in 2021 and 2022, respectively. However, as the local market matured and became highly competitive, we strategically decided to prioritize other provinces in China that present greater growth potential. As such, the GTV of our carpooling marketplace services generated from Shanghai, Jiangsu and Zhejiang increased as a percentage of our total GTV in the same years, primarily due to our business recovery and growth in Shanghai in 2023 compared to 2022, where there were significant local COVID-19 outbreaks from March 2022 to June 2022.

The following table sets forth the key operating data for our carpooling marketplace services for each year during the Track Record Period.

	Year ended December 31,		
	2021	2022	2023
GTV	RMB7.8 billion	RMB6.1 billion	RMB8.6 billion
Number of carpooling rides we facilitated	129.7 million	94.2 million	130.3 million
Average fare per carpooling ride	RMB59.8	RMB64.3	RMB66.3
Average fare per kilometer for carpooling rides ⁽¹⁾	RMB1.1	RMB1.2	RMB1.1
Number of average monthly active certified private car owners	1.6 million	1.2 million	1.6 million
Number of average monthly active carpooling riders	4.8 million	3.7 million	4.8 million
New riders	0.8 million	0.7 million	0.9 million
Other riders	4.0 million	3.0 million	3.9 million
Average monthly number of rides taken per rider ⁽²⁾	2.3	2.1	2.3
Average monthly revenue per certified private car owner ⁽³⁾	RMB36.7	RMB34.6	RMB40.5
Net service fee rate ⁽⁴⁾	7.4%	7.1%	7.8%

(1) The average fare per kilometer for carpooling rides for a given period is calculated by dividing the aggregate GTV of all carpooling rides facilitated through our platform during that period by the aggregate estimated travel distance of all such carpooling rides in kilometers.

(2) The average monthly number of rides taken per rider was calculated based on the number of carpooling rides we facilitated for the relevant period, divided by the product of the number of average monthly active carpooling riders and the number of months for the same period.

(3) The average monthly revenue per certified private car owner was calculated based on the revenue generated from the provision of carpooling marketplace services for the relevant period, divided by the result of the number of average monthly active certified private car owners multiplied by the number of months for the same period.

(4) See “Glossary” for the calculation of the net service fee rate.

BUSINESS

The number of carpooling rides we facilitated decreased in 2022, primarily due to the regional resurgence of COVID-19 in multiple localities, particularly in the cities where we had major operations. For example, there were significant local outbreaks in Shanghai from March 2022 to June 2022, and in Beijing from March to May and from November to December in 2022, which also led to the decrease in GTV for the same periods. Due to the outbreaks in such cities, governmental restrictive measures were implemented, and traveling activities in the neighbourhood were temporarily disrupted. As a result, the number of average monthly active certified private car owners, the number of average monthly active carpooling riders, and the average monthly revenue per certified private car owner decreased in 2022. Moreover, the competitive landscape has further evolved due to the changes in the major players. For instance, Company B, who also provides taxi online-hailing and ride-hailing services, officially relaunched its carpooling marketplace service in December 2019 and gained an increased market share in terms of GTV from 10.8% in 2020 to 19.6% in 2021, which then remained relatively stable at 18.4% in 2022 and 17.3% in 2023, according to the F&S Report. As such, our market share in China's carpooling market was negatively impacted. As a result of the disparity of COVID-19 impact in terms of geography and magnitude, coupled with the evolution in the competitive landscape, our GTV generated from carpooling marketplace services did not keep pace with the overall market in 2021 and decreased in 2022, and our market share decreased from 38.1% in 2021 to 32.5% in 2022 in terms of the number of carpooling rides and from 35.4% in 2021 to 31.8% in 2022 in terms of the GTV, according to the same source. See "Industry Overview—Overview of China's Carpooling Market—Competitive Landscape." The average fare per carpooling ride increased during the Track Record Period, primarily due to (1) the increased portion of inter-city trips among all the carpooling trips during the COVID-19 outbreak when public transportation modes, such as inter-city bus or trains, were more impacted by governmental restrictive measures, so that inter-city carpooling became a preferred alternative for passengers with demands for long-distance travel despite the overall restricted traveling activities, as well as after the COVID-19 pandemic driven by the recovery in inter-city travel demands and our enhanced efforts to grow inter-city trips and (2) the increased pricing of ride fare. For fluctuation in our net service fee rate, see "—Pricing and payment settlement."

Despite the impact of the COVID-19 pandemic on the carpooling and taxi industries in China, our carpooling marketplace services have remained resilient as evidenced by the recovery in the transaction volume on our marketplace in 2023 after the PRC government at all levels strategically adjusted the pandemic prevention policies and significantly lift the restrictive measures aimed at controlling the spread of the COVID-19 virus. For instance, we facilitated approximately 130.3 million carpooling rides in 2023, representing an increase of 38.3% from approximately 94.2 million carpooling rides we facilitated in 2022. In addition, the GTV generated from our carpooling marketplace reached approximately RMB8.6 billion in 2023, representing an increase of 42.5% from the GTV of approximately RMB6.1 billion in 2022. See "Summary—Recent Business Developments."

BUSINESS

In 2021, 2022 and 2023, the response rate of our carpooling marketplace was 56.4%, 58.8% and 66.5%, respectively, which was higher than the industry average of approximately 50% to 55%, according to the F&S Report. The decrease in response rate in 2021 was primarily due to the newly implemented local restrictive measures for traveling at that time, such as nucleic acid tests, and private car owners' enhanced caution with health protection along with the spread of COVID-19, which impacted their willingness to provide carpooling rides. In 2021, 2022 and 2023, the completion rate of carpooling rides we facilitated was 78.4%, 72.2% and 66.3%, respectively, which was comparable to the industry average of approximately 60% to 70%, according to the F&S Report. The decrease in completion rate from 2021 to 2022 was primarily due to the decrease in the completion rate of inter-city trips resulting from the newly implemented local restrictive measures for traveling at that time, such as nucleic acid tests, especially for inter-city traveling, and private car owners' enhanced caution with health protection along with the spread of COVID-19, which impacted their willingness to provide carpooling rides. The decrease in the completion rate in 2023 was primarily due to the increase in the number of carpooling orders placed along with the recovery of travel demands in 2023, especially during national holidays, following the relief of COVID-19 restrictive measures.

Service delivery

We operate our carpooling marketplace mainly through *Dida Mobility App*, with a focus on simplicity, efficiency and convenience. Private car owners may post their itineraries, and carpooling riders may request a carpooling ride on a pre-arranged basis through *Dida Mobility App*. We apply a standardized matching algorithm to pair up riders with private car owners as potential matches if they are heading in the similar direction at compatible time. Our mobile app provides various features and functionality for riders and private car owners throughout a carpooling trip.

We aim to provide immersive experience for users of our *Dida Mobility App* through our user-centered interface design. In particular, we have deployed various types of notifications, such as user-generated notifications, context-generated notifications and system-generated notifications suitable for specific scenarios to enhance user engagement and personalize user experience. For instance, riders may activate certain features in our safety center to automatically share trip information to a designated contact, receive notification for any driving deviation from the system-recommended route, anonymize their phone numbers for privacy protection, turn on recording protection for the entire trip in case of potential disputes, and authorize us to disclose their medical information to medical personnel in case of emergency.

For riders

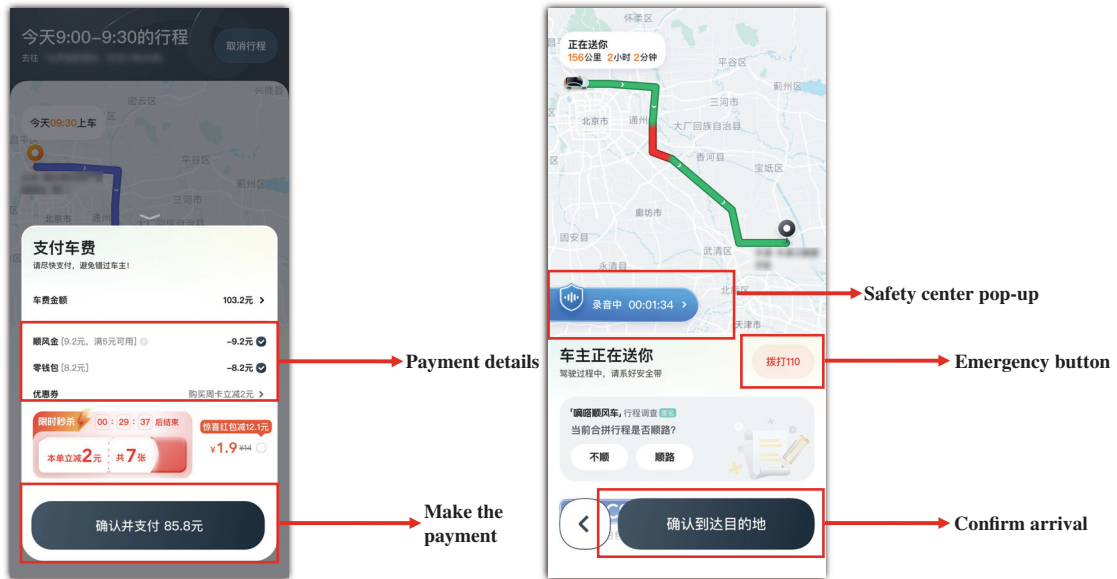
If you are a rider requesting a carpooling trip, you may set a host of preferences, including among others, the pick-up location, destination, departure time, total number of riders, and exclusive rides or shared rides with other unrelated riders. You will then be provided with a fare based on the selected parameters. Based on our matching algorithms, we will provide you with a list of selected private car owners with similar routes and travel time to various extents, and you may wait and be picked up by any one of them or proactively send a carpooling invitation to anyone of your choosing. After you prepay the fares for a successful matching in full, you may contact the private car owner through *Dida Mobility App* to clarify the pick-up location, departure time and other special requirements upon mutual consent.

We have implemented various measures to help you make informed decisions and ensure your safety during the trip. For example, you may check the details of all listed private car owners, including rating, vehicle information, background check results and driving records. Once the trip begins, our safety features enable you to share real-time trip information with your family members and friends, make emergency calls to the police, review insurance information and contact our customer service staff. In addition, you may enter into the safety center homepage to set your preference and activate certain features of our comprehensive mechanism. For instance, you may choose to share trip information to a designated contact who will have access to your real-time location and receive notification for any driving deviation from the system-recommended route to ensure your safety, especially in an emergency circumstance when you might be unconscious. We also provide you with protection and *ad-hoc* assistance with our 24/7 emergency response team. See “—Our Commitment to Trust and Safety” and “—Customer Service.”



1. Request a carpooling trip by clicking the carpooling tab.

2. Presented with a list of selected private car owners with the drivers' information.



3. Check the payment details and prepay the fares after a successful matching.

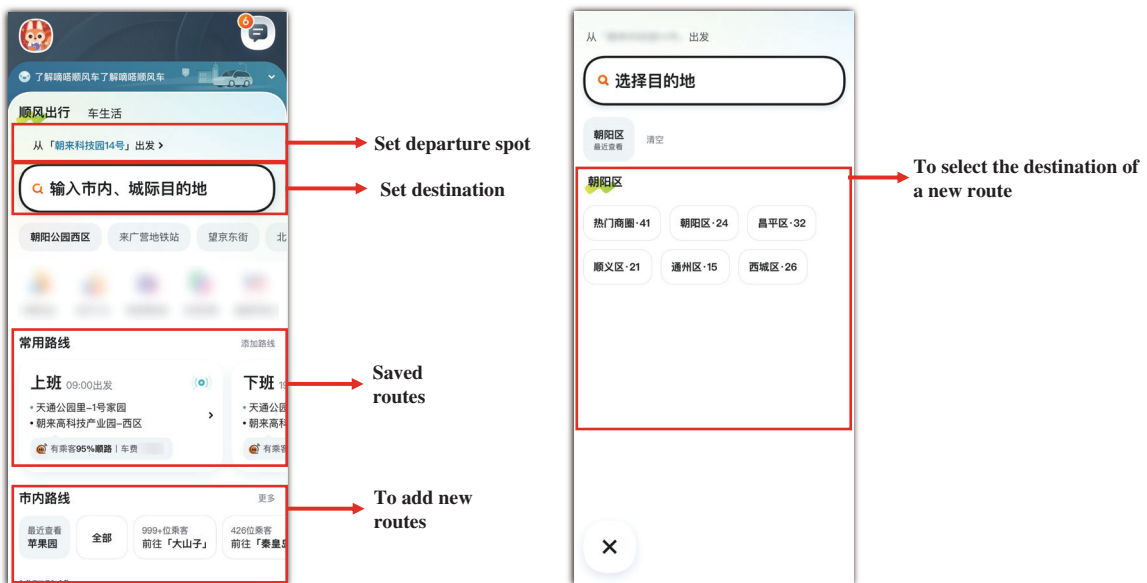
4. Once the trip begins, you may click into our safety center to check safety features. You can also make emergency calls to the police by clicking the emergency button. You may click the arrival button to confirm your arrival and complete the ride.



5. Your trip is insured, and you may access to multiple safety functions, including adding safety contact and recording for protection. You may enter into the safety center homepage for our comprehensive safety mechanism.

For private car owners

If you are a private car owner, you may pick up riders along your trip and save costs on gasoline and toll fees. You may post your itineraries through *Dida Mobility App* by setting a host of preferences, including the start point and the end point of the trip, scheduled departure time and the number of available seats. You will then be presented with ride requests with similar routes and time slots and manually respond to any request of your choosing. You may also turn on the automatic order-grabbing function for efficiency by setting more detailed preferences compared to normal order-matching and ride request recommendations conducted by our platform, including the number of sharable seats, the anticipated departure time and the similarity level of travel itineraries, based on which our matching algorithm screens potential matches and automatically accepts the matched ride request for you. Additionally, you may respond to multiple ride requests heading the same direction, if there are available seats, for extra cost savings, subject to carpooling riders' consent and a daily limit on the total number of rides that can be taken. Once the trip begins, *Dida Mobility App* provides you with real-time driving navigation with optimized routes. We protect you by the safety mechanism substantially similar to that for carpooling riders, including monitoring rule violations of carpooling riders during the trip. See “—Our Commitment to Trust and Safety” and “—Customer Service.” In addition, all the carpooling trips you provide are insured at no additional charges.



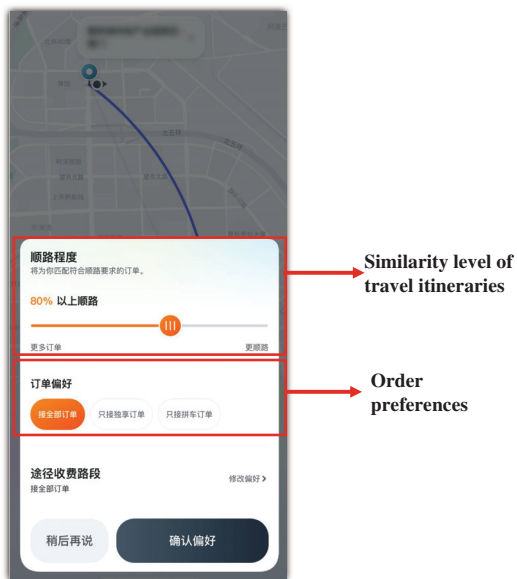
1.1 You may start picking up riders by setting your departure spot and destination, choosing the route from your previously saved routes, or enter a new route.



Ride requests close to your departure spot and destination

Multiple ride requests with similar routes

1.2 After you determine your route, our platform will publish your itinerary and you will be presented detailed rider requests with nearby pick-up locations and similar routes. You can review their routes and respond to any request of your choosing by clicking into the request.



Similarity level of travel itineraries

Order preferences

2. Set up your preferences by setting the similarity level of travel itineraries and order preferences.



Instant message

Ride fare

Confirm to pickup the rider

3. After choosing your preferred request, you can click the message button to contact your riders and review the ride fare before confirming to accept the request.



4. After confirming the request, you will be presented with the trip information and may start your navigation of the route and message the riders at departure by clicking the button at the bottom of the page.

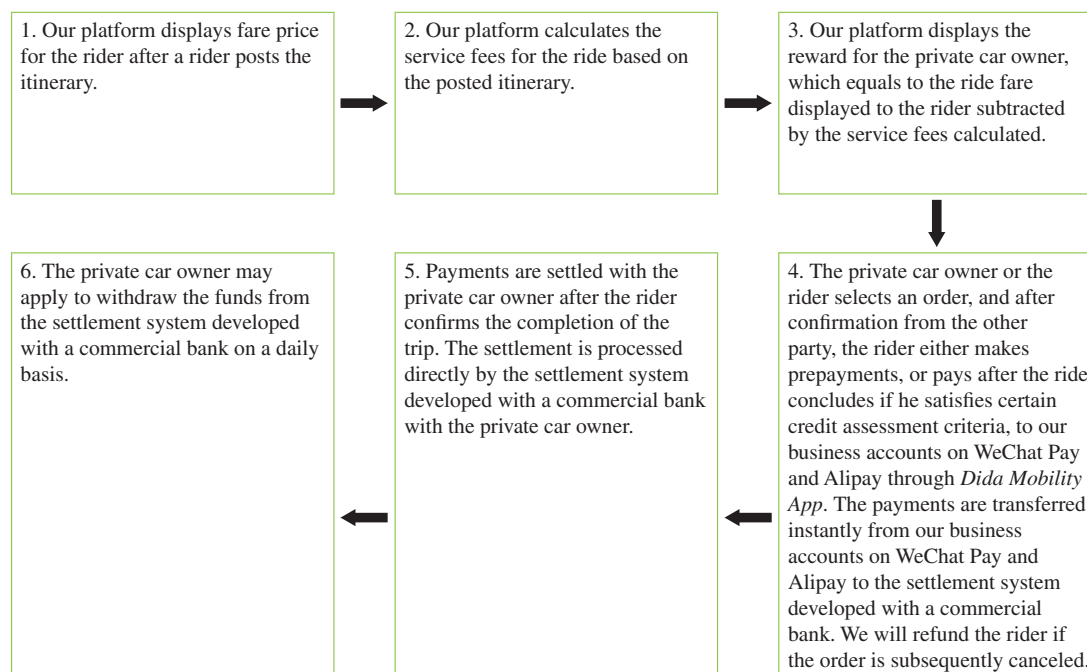
Pricing and payment settlement

We present the fare upfront to both riders and private car owners for all carpooling rides facilitated through our platform. In doing so, we prevent haggling and disputes between riders and private car owners. We group the cities we have covered based on the local standard of living with reference to the local taxi pricing level, the volume of urban private passenger cars and the traffic level, and employ a tiered pricing model to calculate the fare of each trip based on the locality and the distance, reflecting the sharing of travel cost. For the carpooling trips where more than one order is matched during the trip, the ride fare for each intra-city trip rider ranges from 60% to 80% of the full price for the carpooling ride that the rider would have paid for an exclusive ride, and the ride fare for each inter-city trip rider ranges from 25% to 70% of the full price for the carpooling ride that the rider would have paid for an exclusive ride, depending on the distance of travel.

After the trip concludes, we will credit the funds received from the rider to the private car owner's user account on our platform, equal to the difference between the ride fare paid by the rider and the amount of the service fees charged by us based on the locality and the distance of the trip. The private car owner may apply to withdraw the funds on a daily basis. A private car owner may waive the ride fare as a favor to the carpooling rider under certain circumstances, in which case the carpooling rider will receive a refund of the prepaid ride fare less the service fees we are entitled to. We have engaged a licensed commercial bank to escrow our bank account. We have also cooperated with this bank and developed a system connecting with our internal system to manage and settle payments with private car owners and taxi drivers, and refund balance to our individual users. We have put the system into full operation since November 9, 2020, and all the incoming payments from riders and payments to private car owners and taxi riders through *Dida Mobility App* are now settled through the system. As advised by our PRC legal advisors, we are not required to obtain a Payment Business Permit under the current settlement system, as the licensed commercial bank provides payment management and settlement services for us through the implemented system, and such settlement practice complies with relevant PRC laws and regulations in all material respects.

BUSINESS

The following diagrams illustrate the fund flow of our carpooling marketplace services.



We generate revenue from our carpooling marketplace by charging service fees to private car owners providing carpooling rides on our platform. We may adjust the fee level based on local city-level economic conditions and strategic reasons based on our monthly review. Previously, the service fee generally consisted of a minimum initial fee and a predetermined fixed amount on a tiered basis based on the expected trip distance, and was capped at certain amounts without regard to the trip distance. The service fee was changed to a fixed percentage of the ride fare in February 2023 to be in line with the evolving industry practice. The percentage was approximately 10.5% as of December 31, 2023 and may vary slightly among different cities and on different occasions. Our service fee model had been, and continued to be, consistent with the industry practice, according to the F&S Report. In 2021, 2022 and 2023, our net service fee rate for carpooling marketplace services was 7.4%, 7.1% and 7.8%, respectively. Our net service fee rate increased from 2022 to 2023, primarily because we raised our overall service fees charged to private car owners providing carpooling rides on our platform in 2023. Our net service fee rate decreased in 2022, primarily because we incurred increased subsidies for private car owners, a portion of which have been net off to derive our revenue, to incentivize them to provide rides on our platform.

In 2021, 2022 and 2023, we generated revenue of RMB695.1 million, RMB514.9 million and RMB774.0 million from our carpooling marketplace, respectively, representing 89.0%, 90.5% and 95.0% of our total revenue in the same years, respectively.

Smart Taxi Services

Despite its clear dominance in China's car-based passenger transportation market, China's taxi industry has failed to achieve sufficient level of operating efficiency and customer satisfaction, as the industry has been slow to adapt to the digitalization in the mobile internet era and the challenges brought by the emergence of online ride-hailing platforms. We commenced our smart taxi services in 2017 with various services and products. As of December 31, 2023, there were over 353,000 certified taxi drivers on our platform, covering approximately 13.0% of all taxi drivers nationwide, according to the F&S Report. We only allow certified taxi drivers to provide taxi rides through our platform after completing our verification process.

People nowadays hire a taxi through various means, such as roadside-hailing and online-hailing by placing orders on smartphones, which has become popular as the smartphone penetration increases in recent years. According to the F&S Report, roadside-hailing remains dominant with a market share of 88.9% in terms of GTV in 2023 and will continue to evolve in parallel with online-hailing, serving the mass population's diverse travel needs.

We commenced our smart taxi services with a focus on developing online-hailing solutions, which are delivered by our *Dida Taxi App* for taxi drivers and *Dida Mobility App* for riders. We introduced *Intelligent Taxi Roaming*, an in-app function of our *Dida Taxi App*, to guide taxi drivers to high demand areas on a real-time basis, leveraging our prediction algorithms and data analytics technologies. In this way, we increase the utilization rate of taxis and improve the hailing efficiency for riders. We also developed other smart taxi services. We have been piloting our digitally-assisted roadside-hailing solutions, which are delivered by *Taxi Smart Code* and *Taxi Hailing Assistant* and accessible from our *Dida WeChat Mini-program* for riders, in multiple cities since August 2019. In addition, we launched *Phoenix Taxi Cloud*, a cloud-based taxi management software, in August 2018, which was designed for taxi companies and associations to improve their operating and management efficiency by monitoring the workload and performance of their taxi drivers. We have attended seminars with regulators, including heads of local transportation authorities, industry insiders and other market participants, to share our first-hand experience advocating efficient and sustainable mobility solutions, including those for taxi industry.

As of the Latest Practicable Date, we rendered our taxi online-hailing services in 91 cities in China, including 80 cities where we had charged service fees to taxi drivers for taxi rides we facilitated. We collaborate with local transportation authorities, taxi companies and associations for our taxi online-hailing services and other smart taxi services. As of December 31, 2023, we had entered into strategic cooperation agreements or memoranda for our taxi online-hailing and/or other smart taxi services with local transportation authorities, taxi companies and/or municipal or district taxi associations in 79 cities. See “—Our strategic cooperation with local transportation authorities, taxi companies and associations” for details. In 2021, 2022 and 2023, we generated revenue of RMB32.6 million, RMB19.4 million and RMB11.3 million from our smart taxi services, representing 4.2%, 3.4% and 1.4% of our total revenue in the same years, respectively. We generated all the smart taxi service revenue from taxi online-hailing services during the Track Record Period. We currently offer digitally-assisted roadside-hailing solutions for free as an integral and value-added part of our smart taxi services. We expect to optimize the matching efficiency and user experience of traditional

BUSINESS

roadside-hailing through our digitally-assisted roadside-hailing solutions and gradually charge service fees after achieving a heightened level of data accuracy, algorithm sophistication and user coverage. Over the past few years, we have been strategically focusing on cultivating our smart taxi services by expanding our geographical coverage through forming and launching collaborations in an increasing number of cities. Going forward, we expect to continuously evolve our service and product offerings and diversify our monetization channels. See “—Growth Strategies—Enhance monetization capabilities and diversify monetization channels.”

Taxi online-hailing

We launched our taxi online-hailing services in October 2017 and began monetization in select cities in August 2019. We have obtained the requisite VATS License for providing taxi online-hailing services. As of December 31, 2023, we served an aggregate of approximately 106.1 million individual taxi riders. The following table sets forth the key operating data for our taxi online-hailing services for the years indicated.

	Year ended December 31,		
	2021	2022	2023
GTV ⁽¹⁾	RMB827.2 million	RMB427.4 million	RMB223.9 million
Number of taxi online-hailing rides we facilitated	35.5 million	21.5 million	12.1 million
Average fare per taxi online-hailing ride	RMB23.3	RMB19.9	RMB18.6
Average fare per kilometer for taxi online-hailing rides ⁽²⁾	RMB4.4	RMB3.6	RMB3.6
Number of average monthly active certified taxi drivers	200,000	140,000	102,000
Number of average monthly active taxi riders	1.7 million	0.8 million	0.5 million
Average monthly revenue per certified taxi driver ⁽³⁾	RMB13.6	RMB11.5	RMB9.2
Net service fee rate ⁽⁴⁾	2.1%	1.8%	3.3%

Note: The operating metrics for our taxi online-hailing services exclude data from our other smart taxi services, such as taxi rides we enabled through *Taxi Hailing Assistant* and *Taxi Smart Code*, which we have not begun to monetize.

- (1) The amount of GTV excludes those of taxi rides we enabled through other smart taxi services, such as *Taxi Hailing Assistant* and *Taxi Smart Code*, which we have not begun to monetize. We will step up our monetization efforts as we enlarge the user base of our other smart taxi services and deepen our collaborations with local taxi companies and associations.
- (2) The average fare per kilometer for taxi online-hailing rides for a given period is calculated by dividing the total GTV of all taxi online-hailing rides facilitated through our platform during that period by the aggregate estimated travel distance of all such taxi online-hailing rides in kilometers.
- (3) The average monthly revenue per certified taxi driver was calculated based on the revenue generated from the provision of taxi online-hailing services for the relevant period, divided by the result of the number of average monthly active certified taxi drivers multiplied by the number of months for the same period.
- (4) See “Glossary” for the calculation of the net service fee rate, which reflects a comprehensive fee rate for our nationwide operation, whereas our pricing among different cities may vary based on local city-level economic conditions and strategic reasons.

BUSINESS

During the Track Record Period, the number of taxi online-hailing rides we facilitated and the corresponding GTV generally decreased, primarily due to shifts in the competitive dynamics of the taxi online-hailing industry and the general decline of the taxi industry resulting from intensified competition from the ride-hailing industry. Many traditional taxi companies started to launch their own online services in 2021, which eroded the market shares for nationwide platforms such as ours. Moreover, although some major ride-hailing platforms provided escalating subsidies to attract users, we abstained from participating in the price wars considering the significant difference in business mode between our taxi online-hailing services and ride-hailing services. This strategic choice led to a loss of some users of our taxi online-hailing service. In addition, an influx of drivers into China's ride-hailing industry led to a drop in fare prices and a glut of available rides. For example, there had been an increase of 1.1 million, or 28.9%, in ride-hailing drivers as measured by the number of Ride-hailing Driver Permits issued in 2022, not to mention those newly added ride-hailing drivers who do not possess such permits. Many would-be taxi online-hailing riders may shift to ride-hailing as a result of the drop in fare prices and increased availability of ride-hailing services, whereas the carpooling service sector was less impacted because of its reliance on private car owners (rather than professional drivers) and its collaborative (rather than commercial) nature, according to the F&S Report. Furthermore, we gradually ceased our cooperation with two, three and three aggregation platforms related to taxi online-hailing services in 2021, 2022 and 2023, respectively, while such platforms contributed to 3.8 million, 0.5 million and 45,000 taxi online-hailing rides we facilitated in the respective years. The cessation of our cooperation with these aggregation platforms typically arose from our mutual consent not to renew our contracts upon expiration for strategic reasons. For instance, one major aggregation platform started focusing on building its own taxi online-hailing business in 2021 and became our competitor. It also prioritized dispatching orders to ride-hailing drivers rather than taxi drivers for higher commissions. We did not renew our contract with that platform upon its expiration in December 2021 due to the prevailing competitive dynamics over collaborative relations at that time, even though we facilitated approximately 3.8 million taxi online-hailing rides through cooperation with this platform in 2021. We ceased cooperation with the other aggregation platform in 2021 because it withdrew from ride aggregation business in the same year, and the number of taxi online-hailing rides we facilitated through cooperation with this platform was less than 3,000 in 2021.

We expect that the decreasing trend of our taxi online-hailing business during the Track Record Period would not be long-lasting and would gradually improve for the following reasons. First, our extensive experience in China's taxi online-hailing sector and our strong ties with taxi companies, local transportation authorities and taxi associations are expected to benefit the long-term development of our other smart taxi services, such as *Taxi Smart Code* and *Taxi Hailing Assistant*. In addition to drivers, riders and taxi online-hailing platforms, these other smart taxi services involve additional stakeholders such as taxi companies, local transportation authorities and taxi associations, and are expected to provide a more comprehensive solution to cities where these services are implemented. While we are still in the early stage of developing these other smart taxi services, we hope to attract more users to our platform through these services, which in turn is expected to drive the recovery and growth of our taxi online-hailing business. Second, given that many of the newly added ride-hailing drivers do not possess the necessary qualifications or permits to provide these services, we expect the temporary glut of drivers to ease as the industry sees tighter regulatory enforcement, according to the F&S Report.

BUSINESS

In 2021, 2022 and 2023, the response rate of our taxi online-hailing services was 32.9%, 42.1% and 38.7%, respectively, which was generally in line with the industry average of approximately 30% to 40%, according to the F&S Report. The decrease in the response rate in 2021 was primarily due to the newly implemented local restrictive measures for traveling at that time, such as nucleic acid tests, and taxi drivers' enhanced caution with health protection along with the spread of COVID-19, which impacted their willingness to provide taxi online-hailing rides. The completion rate of taxi rides we facilitated was 64.9%, 65.1% and 58.8% in 2021, 2022 and 2023, respectively, which was generally higher than the industry average of approximately 50% to 60%, according to the same source.

Service delivery

We deliver our taxi online-hailing services primarily through our *Dida Mobility App* for riders and *Dida Taxi App* for taxi drivers, respectively. Our mobile apps provide various features and functionality for both taxi riders and drivers throughout a trip.

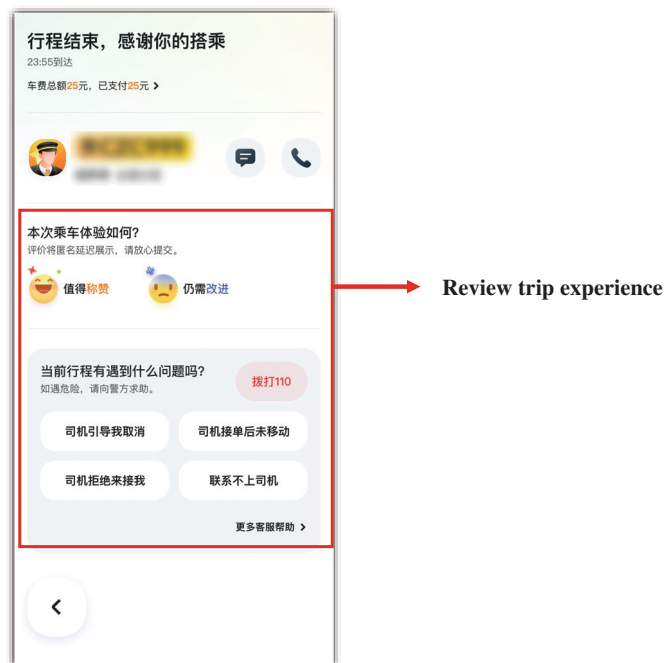
As a rider, you may request a taxi ride, either on an immediate basis or a pre-arranged basis, on our *Dida Mobility App*, which utilizes GPS to detect your location and connect you with an available taxi driver. You will be presented with the details of the taxi driver, including the personal ratings, number of orders completed on our platform, years of driving experience and associated taxi company, as well as the vehicle information, including the vehicle identification number. Once the trip begins, you are protected by the safety features of our platform substantially similar to those for carpooling riders. See “—Our Commitment to Trust and Safety” and “—Customer Service.” Messages will also pop up through the mobile app at the beginning and during the trip, asking you to timely provide feedback or report any issues. Upon arrival, you can make payment through *Dida Mobility App* or other channels.



1. You may start requesting a taxi ride by setting your pickup point on the map and typing in your destination.



2. After our platform matches you with a taxi, you will be presented with the status of the trip and the taxi driver's information. There are several buttons on display to satisfy your demands during the trip, including messaging or calling the driver, changing the rider's number, calling the police, asking help from the customer service, changing destination, and sharing or cancelling the trip.



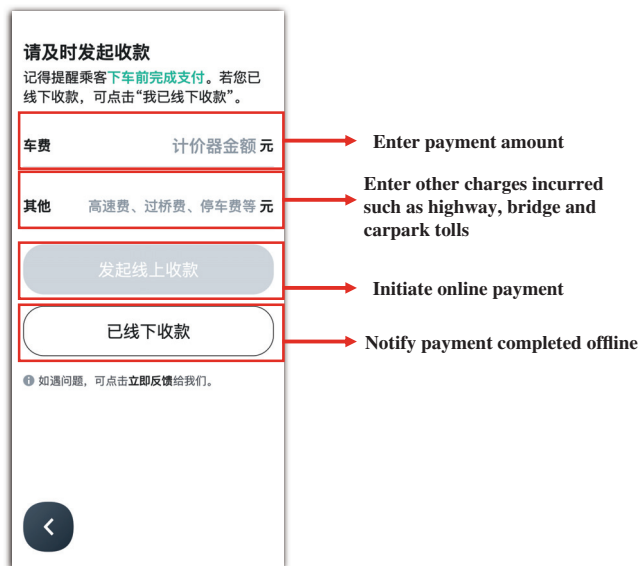
3. After the trip, you can rate and comment on the trip on the feedback page.

As a taxi driver, you compete with other taxi drivers for desired orders, and may turn on the automatic order grabbing function by setting detailed order preferences, based on which our matching algorithm screens potential matches and automatically accepts the matched ride request for you. Among all taxi drivers who compete for the same order, our system generally bumps up the taxi driver with the highest score based on his or her track record in fulfilling both online-hailed and roadside-hailed orders. See “—Our Service Offerings—Smart Taxi Services—Digitally-assisted taxi rides.” You will receive notification of successful order grabbing. Once the trip begins, *Dida Taxi App* provides you with real-time driving navigation for optimized routes.



1. You may turn on the automatic order-grabbing function by reviewing the details of the orders shown to you and hitting the grab order button.

2. After successfully grabbing the order, you will be presented with the wait time, the function to message or call the passenger, the safety function, and the option to confirm that the passenger has boarded.



3. After completing the trip, you can enter the payment amount and other applicable charges to initiate the online payment. You can also choose to receive payment offline and notify our platform afterwards.

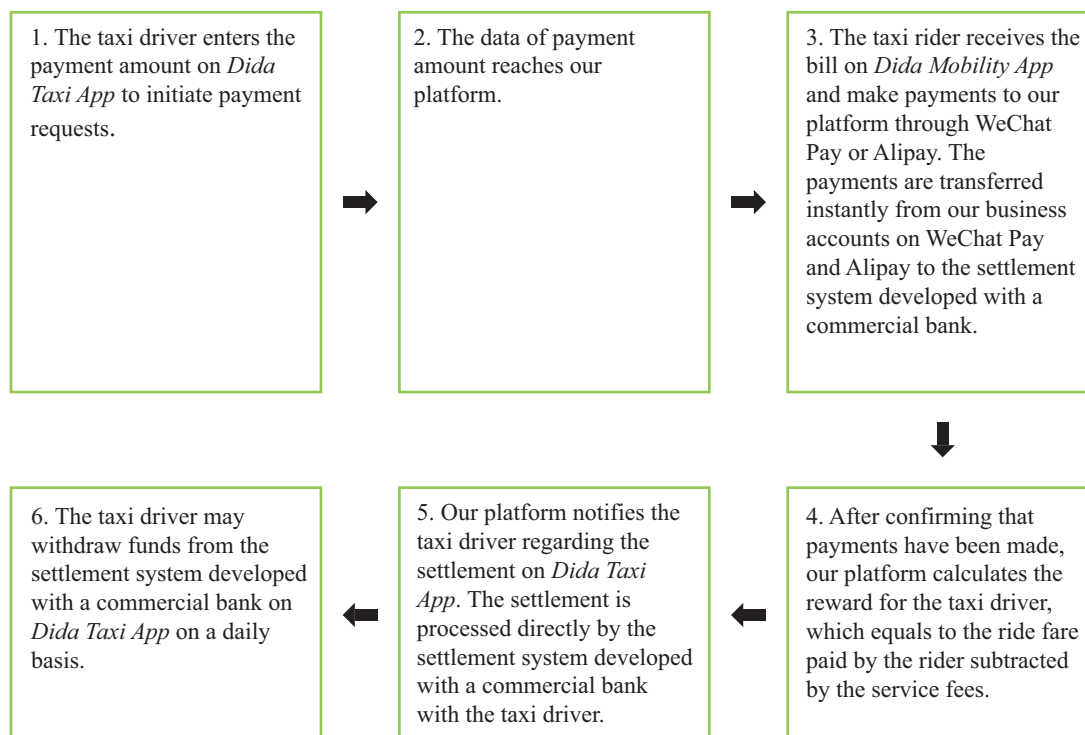
Pricing and payment settlement

Upon arrival, the taxi driver sends the bill through the *Dida Taxi App* to the rider and the fare is calculated by the taxi meter. If the rider makes the payment through our mobile app, we will credit the funds we received from the rider to the taxi driver's user account on our platform, including extra tips but excluding any service fees we charge the taxi driver. The taxi driver may withdraw the funds on a daily basis.

BUSINESS

If the rider settles the payment offline, we deduct service fees based on the distance between the start and end points entered by the rider when placing the order from the taxi driver's user account on our platform, without having to require the taxi driver to notify us of the receipt of offline payment of ride fare. A taxi driver with a negative account balance of RMB10 will be unable to take taxi orders on our platform before making up the shortfall.

Dida Mobility App and *Dida Taxi App* are connected through our back-end system to allow seamless payment experience for our taxi riders. The following diagrams illustrate the fund flow of our taxi online-hailing services.



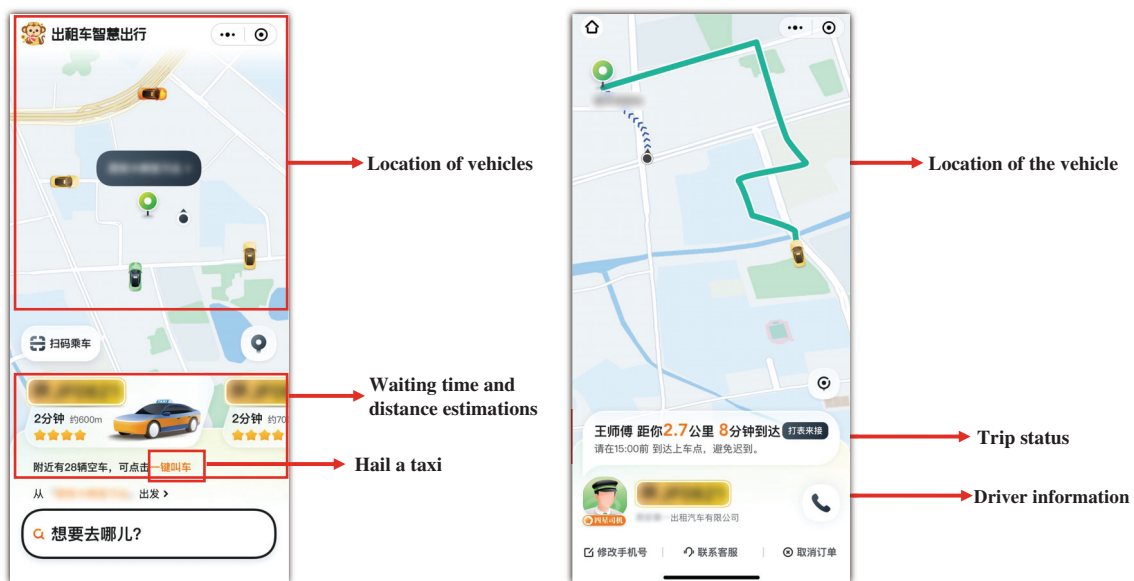
As of the Latest Practicable Date, we had charged service fees to taxi drivers for taxi rides facilitated by our taxi online-hailing services in 80 cities. We expect to gradually charge service fees in the other cities after achieving daily completed rides of approximately 1,000 with a response rate of approximately 50%, subject to variations based on the size of the city, which we consider can ensure minimally satisfactory user experience. The threshold varies among different cities, depending on the local city-level economic conditions, the market trend, and our business development plan. We charge tiered service fees with reference to the rider's pick-up and drop-off locations. We group the cities we have covered based on key operating metrics, including, among others, the order volume, the response rate and local taxi prices, and employ a tiered pricing model to calculate the service charge of each trip based on the distance. Our service charge is capped at certain amounts for each trip depending on the locality. Our service fee model is consistent with the industry practice, according to the F&S Report. In 2021, 2022 and 2023, our net service fee rate for taxi online-hailing services was 2.1%, 1.8% and 3.3%, respectively. The increase in our net service fee rate in 2023 was primarily due to the change in the composition structure of the taxi rides we facilitated in terms of their travel distance, which, when assessed through our tiered pricing model, led to an increased net service fee rate.

For taxi rides facilitated in different group of cities, we charge a fixed amount of information service fee plus different incremental service fees. For example, for taxi rides facilitated in Beijing, Guangzhou and Shenzhen, we charge an information service fee of RMB1.0 per transaction plus an incremental service fee of RMB1.0 every four additional kilometers traveled. In Shanghai, we charge an information service fee of RMB0.6 per transaction plus an incremental service fee of RMB0.6 every four additional kilometers traveled. In Tianjin, Chengdu, Chongqing and elsewhere, we charge an information service fee of RMB0.5 per transaction plus an incremental service fee of RMB0.5 every four additional kilometers traveled. For each group of cities, we determine the appropriate fee level by (1) setting the pricing range with reference to local city-level economic conditions, our operation and costs and the fee level of other industry peers in the city, and (2) setting the detailed incremental service fees based on various factors, such as the local passenger taxi riding pattern, the number of local taxis and the number of daily taxi orders in the city, the traditional taxi fares in the city, and our collaboration with local transportation authorities and taxi associations or companies.

Digitally-assisted roadside-hailing

While traditional roadside-hailing accounted for approximately 88.9% of all taxi orders in 2023 in terms of GTV, according to the F&S Report, there remains considerable room for improvement in terms of operating efficiency. For example, people may be waiting for taxis a block away from where there are available taxis.

We launched *Taxi Hailing Assistant* in November 2019 to optimize the efficiency and user experience of traditional roadside-hailing through technologies, which is accessible only from our *Dida* WeChat Mini-program. Leveraging cloud technologies, we help riders map out the best hailing site, and provide them with real-time location, estimated arrival time, the license plate number and other information of available taxis nearby. In July 2020, we upgraded *Taxi Hailing Assistant* by introducing the one-click hailing function which provides riders with more flexibility compared to pure online-hailing. Riders can send their requests, without setting the pick-up and drop-off locations, to all available taxi drivers cruising within five kilometers who will then grab the orders without knowing the destination. In this way, we enable riders to enjoy the convenience of online-hailing without any worry of “cherry-picking” by taxi drivers in favor of longer trips or more convenient destinations and, therefore, increase the certainty for riders to hire a taxi with shorter wait time. The following screenshots illustrate the interfaces of *Taxi Hailing Assistant*.

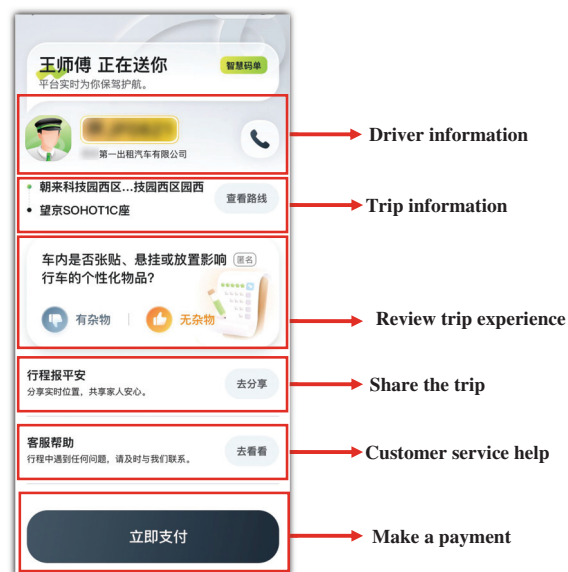


1. You can view your location on the map presented and send a taxi hailing request in one click. The prediction of passing-by vehicles is also displayed.

2. When a taxi driver accepts your order, the vehicle position, trip status, and driver information will be shown to you.

Digitally-assisted taxi rides

While riders have become accustomed to the convenience and transparency of online for-hire vehicles, such as estimates for fares and wait time, an online payment option, a rating and review system, lost-and-found tracking, all of which are typically missing in the ride experience for passengers in a roadside-hailing scenario. To improve the conventional taxi ride experience, we launched *Taxi Smart Code* in August 2019 through our *Dida* WeChat Mini-program, which targets to digitalize roadside-hailing taxi rides. We gather and digitize information of the vehicle and the taxi driver, and generate the *Taxi Smart Code* in the form of a quick response code (“QR Code”) containing such information for the taxi driver, who saves the QR Code and displays it within the vehicle for easy access by riders. After boarding a taxi hailed by the roadside, the rider is notified and encouraged to scan *Taxi Smart Code* posted inside the vehicle with the *Dida* WeChat Mini-program, transforming the trip into an “online order.” The rider will be required to authenticate his or her identity before his or her first ride assisted by *Taxi Smart Code*. During the trip, the rider can send the destination to enable navigation, share the trip with their friends or relatives, and report any issue such as a detour or dangerous driving behaviors. After completing the trip, the rider will be able to receive the bill of the trip in the *Dida* WeChat Mini-program, make payment through various online payment channels, apply for an electronic invoice, provide feedback to the driver, and check the rider’s historical itineraries. We allow taxi drivers to examine the comprehensive results of rating generated from our analysis of all rider ratings, without access to any individual rating or comment from any specific taxi rider. Since its launch and up to December 31, 2023, the accumulated rider reviews were approximately 105 million with on average over 1,500 reviews per taxi driver. As of the Latest Practicable Date, among the 91 cities in China where we rendered our taxi online-hailing services, we launched *Taxi Smart Code* in 18 cities, representing a penetration rate of 19.8%. The following screenshot illustrates the user interface of *Taxi Smart Code*.



1. After scanning the *Taxi Smart Code*, you can see the driver and trip information, check the planned route of your trip, review your trip experience, and make your payment through the WeChat Mini-program.

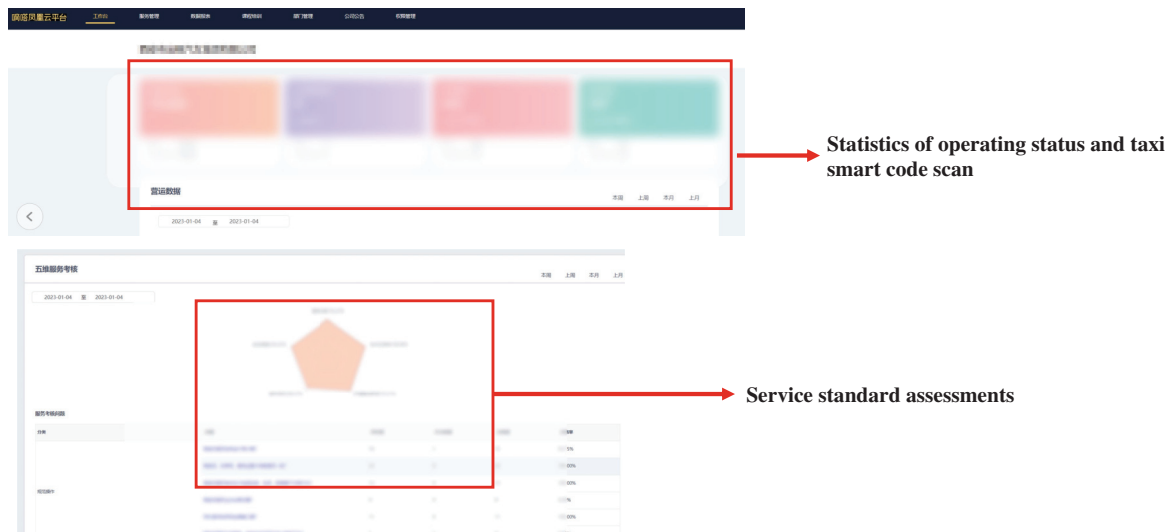
The rating and review generated by roadside-hailing riders through *Taxi Smart Code* will be counted towards taxi drivers’ rankings in *Dida Taxi App* and affect their chance to successfully compete for orders through our taxi online-hailing services. As a result, taxi drivers are incentivized to build up their scores by improving their service quality for every single trip. In 2022, approximately 77.2% of the digitally-assisted taxi trips we facilitated in Xi’an city yielded user feedback, which provides constructive insights for taxi companies to run their business and regulatory authorities to ascertain the market.

Moreover, as every roadside-hailed taxi ride will be digitalized after the code scan, taxi companies and associations, as well as local transportation regulatory authorities, may, through us, have a data-based view of local transportation congestion, taxi hailing patterns at different localities and times, and fleet utilization efficiency and service quality. We are, however, committed to protecting user information and privacy of these orders and adhering to our internal data protection policies. All user data tagged and processed are stored on our firewall-protected physical servers, and we have implemented a variety of protocols and procedures, including password policy, server access logging and network access authentication, to safeguard our data assets and prevent unauthorized access to our network. See “—Data Privacy and Security” for more details.

Phoenix Taxi Cloud

As part of our continuous efforts to improve the efficacy and efficiency for taxi companies, we launched *Phoenix Taxi Cloud*, a cloud-based taxi management software, in August 2018. As of December 31, 2023, we offered *Phoenix Taxi Cloud* to 916 taxi companies across 73 cities.

Phoenix Taxi Cloud allows taxi companies to refine their management and optimize their operational efficiency by monitoring the workload and performance of their taxi drivers, reviewing the operational and financial performance of the entire company, and assisting with the handling of complaints submitted to the local transportation authorities. *Phoenix Taxi Cloud* is a cloud-based taxi management software we developed using a combination of our physical servers and a shared pool of configurable computing resources and cloud system technology to collect, store and process data. Cloud system technology enables platforms to provide cloud-based services with synchronizing data processing to users through the internet. *Phoenix Taxi Cloud* utilizes cloud system technology to achieve synchronizing data collection, processing and analysis, thereby allowing taxi companies to refine their management of taxi drivers. *Phoenix Taxi Cloud* collects daily operating data of taxi drivers, including the number of rides taken, the number of online orders facilitated by *Taxi Smart Code*, the number of online payment and offline payment completed, the reviews and ratings from riders (covering aspects of service attitude, vehicle cleanliness, and safety awareness of the driver). *Phoenix Taxi Cloud* also collects daily operating data of a taxi company, including the number of total orders completed, the number of taxi drivers on duty, total revenue generated, the average ride fare charged per ride and the complaints submitted by riders. *Phoenix Taxi Cloud* also imports information generated from *Taxi Smart Code*, which enables taxi companies to make informed decisions in their daily operations. The following screenshot illustrates the interface of *Phoenix Taxi Cloud*.



BUSINESS

We currently offer *Phoenix Taxi Cloud* to taxi companies free of charge as an integral and value-added part of our smart taxi services. We also plan to release customized versions for taxi associations and local transportation authorities to facilitate the building of smart cities and smart transportation systems. By doing so, we expect to establish solid and long-term relationships with taxi companies and associations to further develop our smart taxi services.

Our strategic cooperation with local transportation authorities, taxi companies and associations

We collaborate with local transportation authorities, taxi companies and associations for our taxi online-hailing services and other smart taxi services. As of December 31, 2023, we had entered into strategic cooperation agreements or memoranda for our taxi online-hailing and/or other smart taxi services with local transportation authorities, taxi companies and/or municipal or district taxi associations in 79 cities.

For the collaboration to promote our taxi online-hailing services, our partner taxi associations or companies undertake to promote the use of our platform among taxi drivers, help us improve our driver rating system, and assist us in our background checks for taxi drivers using our platform. Specifically, our partner taxi associations or companies collect feedbacks from taxi drivers regarding our driver rating system and make suggestion for system optimization based on their experience working with local taxi drivers. They also assist us in data discrepancy adjustments and data verification for information and data we collected from taxi drivers during the background checks. In return, we undertake to help them acquire taxi riders and increase the income for taxi drivers through our services and marketing efforts. We charge services fees for our taxi online-hailing services. We believe that our strategic cooperation with taxi companies and associations allows us to expand our taxi online-hailing services rapidly and cost-effectively, which serve to pave the way for our smart taxi collaboration with these municipalities.

Moreover, as of the Latest Practicable Date, we had signed and implemented strategic cooperation agreements with local transportation authorities, taxi companies and associations in 17 cities to promote our other smart taxi services, including our digitally-assisted roadside-hailing solutions delivered by *Taxi Smart Code* and *Taxi Hailing Assistant*, as well as our *Phoenix Taxi Cloud*. For instance, our strategic cooperation agreement with Xi'an Taxi Management Bureau provides us with access to industry data, such as information of the vehicles, drivers, ride fares and routes, for connection and adoption of our digitally-assisted roadside-hailing solutions. It also provides us with strong governmental support, such as providing strategic insights to our solutions, facilitating the data collection, and organizing training sessions for taxi drivers, to promote our smart taxi services in Xi'an city. Leveraging our technology capabilities and comprehensive service and product offerings, we provide the local authorities with data-driven insight into regional transportation management and optimization. In addition, pursuant to our cooperation agreement with Xi'an Taxi Association, we undertake to enhance the taxi operation management of Xi'an Taxi Association and the member taxi companies by providing data insight for taxi operation, providing taxi driver ratings generated by riders using our services, and enabling its member taxi companies to monitor taxi drivers during service process through *Phoenix Taxi Cloud*. In return, Xi'an Taxi Association is obligated to promote the use of our services among taxi drivers and the use of *Phoenix Taxi Cloud* among the member taxi companies. Our collaboration agreements typically have a term of three years

BUSINESS

with an automatic renewal clause. The agreements also have confidentiality provisions, which stipulate that both parties should restrict data and information access related to the collaboration to authorized personnel only and ensure confidentiality is maintained against third-party disclosure. As advised by our PRC legal advisors, our access to industry data via these collaborations complies with relevant data privacy and security laws and regulations for the following reasons: (1) the strategic cooperation agreement grants us lawful access to industry data interfaces, (2) we meticulously processes industry data in accordance with the methods and purpose prescribed in the strategic cooperation agreement, and (3) we implement various data security management and technical measures, such as encryption and access control, to process industry data in line with internally established data protection systems.

Our smart taxi services have rapidly gained market acceptance in Xi'an city, and we are poised to replicate our local collaboration to other cities, such as Cangzhou, Jingzhou, Guiyang and Zhengzhou, where we have entered into strategic cooperation agreements.

OUR USERS

We have a scaled, trusted community of users, comprising riders, private car owners and taxi drivers. We enjoy network effect. For example, the growing number of our certified private car owners has enabled us to maintain a response rate higher than the industry average, according to the F&S Report, and the improved user experience for both riders and drivers attracts more users to our platform. This self-perpetuating cycle of growth will result in an increased volume of rides and higher utilization of the mobility capacity available on our platform. The growing user base will also increase their stickiness to our platform as their cost of switching to new platforms is possible to result in a longer wait time. We believe the resulted user stickiness gives us competitive advantage over our peers and forms entry barriers to potential competitors.

We introduced our loyalty program in March 2020 under which we award our users loyalty points after they complete certain tasks during the course of using our carpooling and taxi online-hailing services or our *Taxi Smart Code* and *Taxi Hailing Assistant*, including completing identity verification, completing rides and submitting reviews.

During the Track Record Period, we also cooperated with certain aggregation platforms, primarily including navigation or online search mobile applications, to acquire users for our carpooling marketplace and taxi online-hailing services and enlarge our service coverage. We generally enter into a cooperation agreement with aggregation platforms, which typically includes the following principal terms.

- *Duration.* The agreement typically lasts for one year.
- *Rights and obligations of the parties.* The aggregation platforms help us acquire additional riders through links embedded in their products and application programming interfaces. The aggregation platforms have the right to design the display style of our services in their products.

BUSINESS

- *Payment and settlement.* After using our services, riders pay the ride fare on the aggregation platforms through third-party payment channels, such as WeChat Pay and Alipay. We bear the payment processing commissions charged by third-party payment channels. We typically grant our partner aggregation platforms a credit period of 30 days, depending on the relevant contract terms and our evaluation of their creditworthiness. The aggregation platforms collect commission fees from us as a percentage of our service fees charged to riders.

OUR COMMITMENT TO TRUST AND SAFETY

Trust and safety are our paramount priority to ensure quality user experience on our platform. We have adopted a variety of measures to create trust among our users and raise the safety level, such as a background check and verification mechanism and various technologies, including facial recognition, virtual number and real-name authentication. According to the F&S Report, our safety measures are comparable with those adopted by other market players. In addition, during the Track Record Period and up to the Latest Practicable Date, there had been no malicious violent crime perpetrated on our platform. As such, our Directors are of the view that our various safety measures are sufficient and effective.

Having reviewed the basis of the Directors' view and conducted the below independent due diligence works, nothing material has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to cast doubt on the views of the Directors that the Group's safety measures are effective. The Joint Sponsors (1) conducted business due diligence interview/discussion with management team of the Group to understand the safety measures adopted by the Group and their effectiveness; (2) obtained and reviewed the internal control report prepared by the Company's internal control consultant, and noted the internal control report did not mention any material deficiencies in relation to the relevant internal control measures; (3) obtained written confirmation from the industry consultant and understood that the safety measures adopted by the Group, while in line with market standards, is more stringent than traditional car-based passenger transportation mode; (4) conducted interviews with selected users of the Group's mobile apps in relation to, among others, the safety measures adopted by the Group and their effectiveness during the third-party due diligence process; (5) conducted online survey with users of the Group's mobile apps in relation to, among others, the safety measures adopted by the Group and their effectiveness; and (6) conducted operating and on-site due diligence, such as reviewing the Company's systems on verifying drivers and vehicles, reviewing the Company's system of collecting and storing data and applying data analysis on these.

Background Checks and Verifications

For all riders, we require them to provide their cell phone numbers and authenticate the numbers through either verification codes sent via text messages or confirming with telecommunications operators who have pre-identified these numbers as the same ones used on such riders' cell phones that are undergoing the verification process. As cell phone numbers in China are generally registered through real-name authentication, in case of emergencies or when necessity arises, the relevant cell phone numbers can be duly reported to public security authorities or other government authorities to

BUSINESS

identify the relevant users. We generally complete such verification process instantly after riders enter the message verification code they receive from third-party verification service providers. We also encourage our riders to complete real-name authentication by providing their names and identification numbers. For drivers, we conduct background checks online to screen existing and potential private car owners, including their vehicles, to identify those that are not qualified to utilize our platform pursuant to applicable laws and regulations or our internal standards. We protect private car owners with a similar level of safety mechanisms comparable to riders. Private car owners can also make emergency calls to the police by clicking the in-app emergency button. In addition, we have established a behavior score system to manage both private car owners' and riders' behaviors. Rule violations for riders include belated arrival, order skipping, in-vehicle smoking, improper order cancelation, payment default and endangerment to safe driving. Disciplinary actions, including temporary and permanent bans, will be enforced on users that lose all the points in the behavior score. See “—Management of Non-compliant User Behaviors” for details. Our background check and verification system is integrated with the database of public security authorities to ensure authority and authentication. In addition to our own employees, we also deploy contracted staff to conduct verification of the information submitted by private car owners. We continuously exercise quality control of the verification work conducted by our outsourcing team to ensure consistent standards applied in the verification process. We also regularly provide training programs to our outsourcing staff.

We require that private car owners using our services be from 18 to 70 in age, have a valid driver's license with at least one year of driving experience, and have no criminal records, including a conviction of dangerous driving. We also require private car owners to provide their names and identification numbers and complete facial recognition as part of the certification process. We require that taxi drivers using our services have a valid driver's license and a taxi service supervision card with at least three years of driving experience, and have no criminal records, including a conviction of dangerous driving. We have adopted various measures for qualification and background check to verify the authenticity of the documents and information submitted by drivers with the assistance of third-party credit investigation platforms, and check for driving records and criminal records through our collaboration with public security authorities, both of which maintain a nationwide database, in order to evaluate the creditworthiness of the drivers and screen out crime offenders so as to minimize the risk of disputes and further ensure travel safety. Specifically, we:

- verify and double check the authenticity and consistency of the identity information submitted by the private car owners and taxi drivers both manually and through technological measures; for example, we apply facial recognition technologies to confirm whether the identity information submitted by private car owners matches with their facial recognition results as part of our certification process to prevent private car owners from bypassing our registration system;
- apply real-time facial recognition technologies to capture the facial image of private car owners and taxi drivers through cameras of their mobile phones by requiring them to complete certain randomly assigned actions, such as blinking, head shaking and body moving, and compare the screened results with the identity information submitted by the relevant private car owners and taxi drivers before allowing them to pick up riders or take orders to ensure that the driver is the same as the certified private car owner or the taxi driver;

BUSINESS

- verify the authenticity and check the validity of the driver’s license submitted by the private car owners;
- check for any dangerous driving convictions of the private car owners;
- check for any criminal records of the private car owners periodically; and
- continuously screen the driving records of certified private car owners.

We collaborate with the local taxi companies, taxi associations or relevant government agencies to conduct verifications on taxi drivers and update their compliance record from time to time.

We apply standardized safety requirements for each vehicle submitted by private car owners intended to be used to provide carpooling services on our platform. Specifically, the vehicles must be privately-owned sedans or SUVs with a requisite minimum market value of RMB50,000 and maximum year of usage of 15 years. We generally allow private car owners to register at most two vehicles on our platform, subject to a daily limit of the number of rides an individual private car owner may take, regardless of the number of vehicles registered with us. The vehicles submitted by taxi drivers for taxi online-hailing services must be registered with a taxi company and must be within a maximum number of years of service as provided by applicable local qualification standards. We have adopted various measures for vehicle qualification check, including, among others:

- verify the authenticity of the vehicle license (機動車行駛證) submitted by the private car owners;
- verify the authenticity of the vehicle information submitted by the private car owners and taxi drivers, including, among others, brand, color, plate number, vehicle identification number and vehicle registration information; and
- check whether the vehicle is in good condition based on the photographs submitted by the private car owners.

We have adopted measures to verify the authenticity of the photographs submitted by private car owners for checking the condition of vehicles. Specifically, we:

- check the vehicle information displayed on the photographs, including the plate number, brand, color and other information, against the information disclosed on the vehicle license; and
- display the photographs of the vehicle on *Dida Mobility App* for the riders to check against the actual vehicle picking them up and remind the riders not to take the trip and report to our platform if there is any discrepancy.

With a combination of automatic filter and examination and manual verification for all the materials submitted by the private car owners and taxi drivers, we normally complete the qualification and background check within three business days. We also have a customer service team responsible for assisting private car owners in solving issues encountered throughout the verification process. We treat all the information submitted by the private car owners and taxi drivers in our possession as confidential and limit access to such information within our Group to the extent necessary. See “—Data Privacy and Security.”

Other Safety Mechanisms

We protect each rider during their trips with comprehensive safety features, which enable riders to share real-time trip information with family members and friends, make one-button emergency calls to the police, review insurance information and contact our customer service staff. We purchase insurance policies from Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司) to cover private car owners and riders in connection with carpooling trips. See “—Insurance.” After the 2018 Inspection, we have implemented various heightened security measures, including engaging more third-party vendors for facial recognition, virtual number and real-name authentication services in connection with our heightened background checks and verification for private car owners and their vehicles. For example, we adopted the virtual number mechanism to anonymize interactions between private car owners and riders, so they can call each other without revealing their real personal phone numbers. In addition, our platform monitors the trip in real time and takes proactive measures for trips that are deemed highly risky, such as trips with significant detours or prolonged suspicious stops. In such case, our platform sends notifications to alert the riders. Our customer service staff may make phone calls to riders to ensure their safety and, in severe situations, contact the police and assist with any necessary proceedings. We have also established 24/7 emergency response mechanism to deal with emergency safety issues. Our dedicated in-house customer service staff can be reached 24 hours a day and seven days a week to assist our users who encounter any perceived physical threat during a ride, including, among others, abuse, assault, false imprisonment and sexual harassment. See “—Customer Service.” We have reported our implementation of these heightened security measures to the relevant authorities and received no follow-up requests. We did not, and were not required by any regulators to, cease the operation of our carpooling marketplace services following the malicious incidents that happened on a major mobility platform in 2018. For details and risks associated with our safe mechanism, see “Risk Factors—Risks Relating to Our Business and Industry—If our safety mechanism fails to ensure user safety while using our platform, or if we fail to address the safety concerns related to carpooling and our services, our business, results of operations and financial condition could be materially and adversely affected.”

Management of Non-compliant User Behaviors

We are dedicated to managing non-compliant user behaviors on our platform to ensure quality user experience for the entire user community. As for our carpooling marketplace services, we require all users to accept the carpoolers’ convention (合乘公約) before utilizing our platform, pursuant to which they have undertaken to abide by the applicable laws and regulations and our code of conduct. To detect and prevent private car owners from opening multiple user accounts to circumvent the carpoolers’ convention and code of conduct, our system only allows the certification of one private car owner account for one set of identity information, and prohibits the private car owner who already has a certified account on our platform from certifying another private car owner account. As confirmed by our legal advisors, by using our carpooling marketplace, all users are subject to, and have the contractual obligation to abide by, the carpoolers’ convention and code of conduct, which are enforceable and valid in all material respects. The carpoolers’ convention includes the following principal terms:

- *Obligations of our platform.* As a platform providing carpooling marketplace services, we shall comply with relevant regulations, including conducting background checks for private car owners and their vehicles. We are responsible for establishing safety mechanism on our platform, purchasing insurance policies for private car owners and riders using our platform, and offering customer service with emergency response mechanism.

BUSINESS

- *Obligations of private car owners.* The private car owners are responsible for providing authentic identity information and vehicle information during our background check and verification process. The private car owners shall abide by the applicable laws and regulations while providing carpooling services on our platform, and shall not use our platform to conduct activities in violation of law, including providing ride-hailing services without the requisite permits. The private car owners are responsible for the management and maintenance of their vehicles.
- *Obligations of riders.* The riders are responsible for providing authentic cell phone numbers during our verification process. The riders shall abide by the applicable laws and regulations while utilizing our platform.

We have promulgated rules for riders, private car owners and taxi drivers, respectively. Rule violations for private car owners include dangerous driving, in-vehicle smoking, order skipping, backdoor transactions and manipulation of rider feedback. Given the current limitations of mapping technology and the unpredictability of traffic conditions, private car owners may make appropriate adjustments to the designated route, and such detours are not necessarily considered rule violations. However, we actively monitor and address significant detours to ensure user safety. For instance, our system checks user locations every 10 seconds during the trip through *Dida Mobility App* to monitor if there is any detour and adopts measures accordingly for different level of detours, such as sending notifications to or calling the riders. Moreover, as the prices for carpooling trips are predetermined, riders are not charged for any detours that may occur. Rule violations for taxi drivers include dangerous driving, detouring, activating the taxi meter before a trip starts and not displaying taxi service supervision card. Rule violations for riders include belated arrival, order skipping, in-vehicle smoking, improper order cancelation, payment default and endangerment to safe driving. Our carpoolers' convention and code of conduct also explicitly prohibit other forms of user misconduct, such as utilizing carpooling trips for transporting goods, which also serves to prevent drug trafficking.

We monitor user behavior primarily by examining voice recordings during the trips, reviewing riders' ratings and feedback, and automatically tracking the real-time location of our users during the trips to detect any anomalies in a trip, such as an unexpectedly long stop or an unusual deviation, in order to detect any potential rule violation and interfere in time in case of emergency by various means, such as sending notifications to or calling the rider or the rider's designated contact. We require private car owners to turn on voice recordings through our mobile app during the trip to monitor and ensure user safety. We do not require camera recording or live video feeds, which is in line with market practice. We also apply other advanced technologies to identify potential rule violations. For example, our platform automatically compares the actual route during the trip captured through real-time location tracking with the planned route to detect potential detouring. For carpooling trips, our platform automatically compares the actual route with the route planned by our mapping technologies, taking into account commonly used routes. If the deviation from the planned route exceeds a fixed tolerance level during the ongoing trip (seven kilometers for intra-city trips or 15 kilometers for inter-city trips), our customer service staff will intervene by contacting the rider, or alternatively, the private car owner if the rider is unreachable, to clarify whether the detour is for reasonable cause, such as traffic control, or constitutes rule violations. In the latter case, our customer service staff will continuously follow up to ensure user safety, impose corresponding measures for rule violations, and contact the police if necessary. For taxi online-hailing trips, our platform automatically compares the actual route with the route planned by the platform or preset by the rider, and send notifications to the rider if any deviation is detected.

BUSINESS

We have established a behavior score system to better manage users' behaviors. Each user has an initial behavior score of 12 points, subject to deduction for rule violations. The behavior score is automatically reset every 90 days. Disciplinary actions, including temporary or permanent suspension of user accounts, will be enforced on users that lose all the points in the behavior score. For example, for the rule violation of last-minute price hiking requested by the private car owners, we deduct six points of the private car owner's behavior score and suspend the private car owners from taking orders for three days, together with other deterrence measures. We have other corresponding policies and measures to address the identified rule violations. For instance, a rider is obliged to pay a cancellation fee to the private car owner if the rider cancels the carpooling order near the appointed departure time, among other situations where the cancellation is at loss of the private car owner. Our platform also grants riders exemption from paying a cancellation fee in cases where their cancellation is justified and in consideration of their user experience. Our platform will deduct the behavior scores of private car owners if they cancel orders after the rider confirms and pays for the trip and arrives at the pick-up location on time. We also detect and prevent private car owners from circumventing our daily limit requirements. Our platform systematically limits the daily number of orders a private car owner can take and the number of orders matched in one trip to prevent and deter private car owners from making multiple stops and picking up or dropping off multiple riders over the course of one carpooling trip. Our platform also conducts real-time technical analysis of the messaging exchange between private car owners and riders within the mobile app with keywords during the trip to detect non-compliant shared rides. Additionally, we conduct sample checks on route deviations and voice recordings after the trip to ensure users comply with our daily limit requirements. In cases of repeated violations of these requirements, among other deterrence measures, we suspend the relevant private car owners from taking further orders.

We have specifically implemented measures to prevent order skipping. For example, we monitor the order completion rate for our private car owners and taxi drivers, and those with low scores based on riders' feedback or points in the behavior score will be less likely to receive orders on our platform. We will impose a warning if order skipping is identified. If we detect a persistent skipping pattern, we will permanently close their user accounts.

In addition, we have adopted the following measures to deter private car owners from providing ride-hailing services on our platform.

- *Carpoolers' convention and code of conduct.* All of our private car owners are required to abide by our carpoolers' convention and code of conduct, which prohibit them from using our platform to conduct activities in violation of law, including providing ride-hailing services without the requisite permits.
- *Travel routes publication in advance.* Our private car owners publish their travel routes prior to initiating carpooling rides, including setting the departure location and destination and the proposed departure time. Our system will then match private car owners with riders based on their route inputs in advance. Although private car owners may set up their preferences for the similarity level of travel itineraries and order preferences, our system prevents them from manipulating the preference settings to circumvent our rules and applicable laws and regulations against providing ride-hailing services without a proper license. Specifically, our system screens the matches and only sends out orders with a

BUSINESS

relatively high level of route similarity to the matched parties. In contrast, ride-hailing drivers typically accept the departure location and destination designated by riders and do not preset or publish their own travel routes. As a result, we believe our platform has made impractical any attempt to effectively provide ride-hailing services by catering to potential riders with different departure locations and destinations.

- *Ride fare and the daily limit on the number of rides.* We generally set the ride fare of carpooling rides at half the price of local taxi rides and prohibit private car owners from responding to additional ride requests on *Dida Mobility App* beyond the daily limit, which serves little motivation for private car owners to engage in any gainful commercial activities, including ride-hailing, through our platform.
- *Cooperation with municipal authorities.* We maintain a data sharing mechanism with substantially all the municipal transportation authorities that so request in practice with an oversight on carpooling. As of the Latest Practicable Date, we had established the data sharing mechanism in seven cities, representing all the cities where the municipal transportation authorities so request and had the requisite technology capacity. The seven cities contributed 31.1%, 29.7% and 31.4% of our total GTV generated from carpooling marketplaces in 2021, 2022 and 2023, respectively. Through daily traffic law enforcement, the municipal transportation authorities may identify private car owners providing ride-hailing services in violation of the relevant laws and regulations. We will respond quickly and prohibit them from providing carpooling trips on our platform if any of our private car owners is found to be in violation of relevant rules governing provision of carpooling services.
- *Behavior monitoring.* Leveraging our big data analytics capability, we monitor the pattern of services provided by our private car owners and disqualify those with a suspicious pattern indicative of provision of ride-hailing services, such as charging riders additional ride fare, inducing riders to cancel trips and accepting the departure location and destination designated by riders which are materially different from the travel routes preset and published by private car owners.
- *Rider supervision.* Our riders are encouraged to report suspicious activities of private car owners on our platform. We will investigate private car owners reported to have provided ride-hailing services on our platform and impose permanent bans of using our platform on those indeed in violation.

Considering (1) that we have implemented the abovementioned measures to deter private car owners from providing ride-hailing services in accordance with relevant laws, regulations, rules and guidelines, including those measures that provide little economic motivation for private car owners to abuse our carpooling marketplace or engage in ride-hailing services, and (2) that private car owners on our carpooling marketplace took an average of no more than 10 orders on a monthly basis during the Track Record Period, our Directors are of the view that these measures to deter private car owners from providing ride-hailing services are sufficient and effective. Based on the aforementioned measures we have adopted and the advice of our PRC legal advisors and the PRC legal advisors of Joint Sponsors regarding the understanding and interpretation of the relevant laws, regulations, rules and guidelines, the Joint Sponsors concur with the views of our Directors as stated above.

BUSINESS

On the other hand, despite our continuous efforts to deter private car owners from providing ride-hailing services on our platform, we cannot assure you that no private car owner on our platform would be determined to have provided ride-hailing services without a proper license or in breach of other relevant laws and regulations in respect of carpooling and ride-hailing by relevant regulatory authorities. Our Directors are nevertheless of the view that our exposure to potential liabilities in connection of such incidents, if any, will be limited due to the following reasons.

- The Guidelines on Deepening Reform and Promoting the Healthy Development of the Taxi Industry (國務院辦公廳關於深化改革推進出租汽車行業健康發展的指導意見) provide that the local authorities shall formulate implementation rules regarding the rights and obligations of carpooling marketplace operators. As advised by our PRC legal advisors, as of the Latest Practicable Date, according to the implementation rules of the cities where we had major operations of our carpooling marketplace services, (1) the contract among the private car owner, the carpooling rider and the carpooling marketplace operator shall govern their respective rights and obligations; (2) the carpooling marketplace operator shall adopt measures to deter private car owners from engaging in illegal activities on its platform, including providing ride-hailing services without a proper permit; and (3) carpooling marketplace operators are not obligated to detect or prevent illegal operations conducted by private car owners on third-party platforms, nor jointly and severally liable for private car owners' non-compliance with applicable laws and regulations.
- All users of our platform have the contractual obligation to abide by the carpoolers' convention (合乘公約). According to the convention, the private car owners shall undertake to comply with applicable laws and regulations and our code of conduct, including not to provide ride-hailing services without the requisite permits. We have disclaimed any responsibility for private car owners' actions if they breach their contractual obligations. See “—Our Commitment to Trust and Safety—Management of Non-compliant User Behaviors.”
- According to the relevant laws and regulations on tort liability, we do not assume tort liability for the private car owner's individual behavior when we have fulfilled our responsibilities without any negligence under relevant rules, including implementing safety measures and complying with rules on personal information and privacy protection. See “Regulations—Regulations on Carpooling Services.” During the Track Record Period and up to the Latest Practicable Date, we had not been ordered by any court to compensate private car owners for any perceived provision of ride-hailing services without a proper license.
- We have taken relevant measures, including those required by local transportation authorities, to deter private car owners from providing ride-hailing services on our platform. See “—Our Commitment to Trust and Safety—Management of Non-compliant User Behaviors” for details.

BUSINESS

As advised by our PRC legal advisors, based on the measures we have taken and the regulatory assurance obtained from on-site consultations, our PRC legal advisors are of the view that the possibility that we would be subject to material administrative penalties due to any perceived provision of ride-hailing services by private car owners or any other perceived illegal activities committed through our platform is low. See “—Regulations on Carpooling Services and Administrative Penalties.”

Based on the confirmation of our Directors and after conducting public search through the official websites of relevant PRC government authorities, our PRC legal advisors are of the view that since our establishment, we have not been involved in or become the subject of any investigation, litigation or prosecution which have been concluded against the Group for reason of fraudulent or criminal activities. Based on the advice of the Joint Sponsors’ PRC legal advisors, nothing has come to the attention of the Joint Sponsors to cast doubt on the above view of the Directors and the Company’s PRC legal advisors.

ADVERTISING AND OTHER SERVICES

Leveraging the large user base accumulated on our platform, we provide advertising services by selling in-app advertising spaces either directly to third-party merchants, or through advertising service providers that use automated technology and algorithmic tools to streamline real-time transactions for advertising spaces, enabling advertisers to accurately target desired audiences. The in-app advertising spaces include, among others, app opening advertisements, pop-up advertisements, banner advertisements and mobile “push” communications. We also connect our users with select vendors of refueling, vehicle maintenance, second-hand vehicle trading, vehicle washing, vehicle insurance and financial services through advertisements and links on our platform.

We generally charge third-party merchants advertising fees for fixed amounts based on the location, format, amount and time period of the advertisements displayed on our platform. During the Track Record Period, (1) for advertisements displayed nationwide on our platform, we generally charge a service fee of approximately RMB160,000 per round for app opening advertisements with no more than three to five rounds of ad display on our platform each day, and a service fee of approximately RMB120,000 per round for banner advertisements with no more than five rounds of ad display on our platform each day; in addition, we offer discounts ranging from 12% to 38% off the full price based on the customer’s annual purchase amount to incentivize their purchase with us; (2) for advertisements displayed in certain cities or provinces on our platform, we charge a service fee at 15% to 30% of the nationwide ad rates, adjusted based on the economic conditions of each city; and (3) for programmatic advertising, we generally charge a service fee ranging from RMB18 to RMB60 per CPM, which refers to the average cost per mille advertising impressions. We also generally charge third-party automobile value-added service providers commissions based on the sales leads generated or number of new customers they acquire through our platform, tracked by system records of third-party service providers. Our commission fees are determined on a case-by-case basis, depending on the particular business activities and the nature of the industry of the third-party merchants. For example, for gas service providers, we may set the commission at 0.5% of the actual payment made by customers acquired through our platform. We generated revenue of RMB52.8 million, RMB34.8 million and RMB29.7 million from our advertising and other services in 2021, 2022 and 2023, respectively, accounting for 6.8%, 6.1% and 3.6% of our total revenue in the same years, respectively. Our revenue generated from the provision of advertising and other services decreased from 2021 to 2023 in terms of both absolute amount and as a percentage of our total revenue, primarily due to the decreased advertising budgets of our corporate customers as a result of the COVID-19 resurgence and the prolonged economic downturn.

BUSINESS

We generally enter into a service agreement with corporate customers, including third-party merchants and automobile value-added service providers who engage us for our advertising services. The service agreement typically includes the following principal terms:

- *Duration.* As the advertising services and automobile value-added services are provided on a project-by-project basis, the service agreement generally does not have a fixed term.
- *Rights and obligations of the parties.* We are generally responsible for publishing the advertisements on our platform in the manner and time period stipulated in the service agreement. Our corporate customers are generally responsible for providing the advertising information that is accurate, authentic, legally compliant and not violative of any third-party rights. We have the right to review supporting documents provided by corporate customers, verify the content of the advertisements, and demand revision where appropriate. Our corporate customers may require us to design the display style of the advertisements to fit in our platform for optimal display results.
- *Ownership and use of intellectual property rights.* We are authorized to use the name, logo and trademarks of the subject matter of the advertisements for the purposes stipulated in the agreement. We may not alter or distort the overall image and components without authorization, and may not use or authorize any third party to use such content for any purpose other than stipulated in the agreement. Our corporate customers retain intellectual property rights contained in the advertising samples and other promotional materials provided by them.
- *Payment method.* Our corporate customers generally make payments to us after the conclusion of each advertising campaign or in installments if the service agreement has a term of one year or longer.
- *Credit period.* We typically grant our corporate customers a credit period of 30 to 120 days.
- *Confidentiality.* Neither party may disclose to any third party the business information, technical information or operating information of the other party obtained during the term of the agreements, unless otherwise stipulated by laws and regulations.
- *Termination.* The agreement may be terminated at the end of the specified term, due to force majeure, or when either party fails to perform its contractual obligations.

Pursuant to relevant laws and regulations, we verify the identity and qualifications of such third-party merchants through their licenses and certificates issued by regulatory authorities, including a business license. We verify the content of the advertisements based on the supporting documents provided by such merchants and our own experience with the relevant services. We require proper adjustments to address inaccurate or unverifiable contents and will not publish any advertisement that lacks or is inconsistent with supporting documents on our platform. During the Track Record Period, we had not received any fine or other penalty due to inaccurate or unverifiable contents in the advertisements displayed on our platform.

OUR TECHNOLOGY

Technology is the foundation of our operations and a key component of our strengths to support our growing user base and provide superior user experience.

We have built reliable, optimized and highly automated information technology systems. We have made investments in our computing power to handle spikes in usage. With over 800 physical servers and over 900 cloud-based servers, our operating system is capable of processing approximately 1,000,000 QPS (queries-per-second) for short connections and approximately 1,000,000 connections.

Our proprietary data-driven technology manages dynamic, real-world interactions on a real-time basis. We have built proprietary marketplace, routing, artificial intelligence, big data analytics and cloud technologies, assisted by the utilization of certain third-party technology services.

Marketplace Technologies

Our marketplace technologies comprise the real-time algorithmic decision engine that matches supply and demand for our carpooling and taxi online-hailing services. We employ an approach to marketplace design that focuses on delivering reliability, providing choice and transparency, and aligning needs across our users.

- *Demand prediction.* Our proprietary demand prediction engine uses data to predict when and where peak ride volume will occur, especially in connection with our taxi online-hailing services, allowing us to optimize and route mobility supply to areas where there is potential demand efficiently. We use a combination of data visualization, artificial intelligence and machine learning, and other technologies to observe historical trends and match them with current usage pattern to both long-term and real-time prediction. This engine allows us to dynamically identify areas of high demand and communicate to taxi drivers prior to the peak time.
- *Matching and dispatching.* In 2023, our proprietary matching and dispatching algorithms generated approximately 1,800 match pair predictions per minute and over 68,000 match pair predictions per minute during peak time for our smart taxi services. In addition to matching riders with taxi drivers and private car owners, our match algorithm also attempts to match a rider with other riders with similar travel itineraries, if they indicate that they are willing to travel with co-riders while requesting a carpooling trip. In each instance, our algorithms review and consider several variables, including location, distance, time, traffic and other real-world factors such as weather or local events. We have continued to improve our algorithms over time to optimize user experience.

Mapping Technologies

We have developed mapping technologies to achieve efficient navigation and route planning. We have been making profound progress in upgrading the mapping function of our platform by advancing our self-developed features that were specifically optimized for our carpooling services and smart taxi services, thereby improving our routing efficiency. We have obtained the Grade B Surveying and Mapping Qualification Certificate for Internet Map Services (乙級測繪資質證書(互聯網地圖服務)), allowing us to further enhance our mapping and navigation capability by developing and applying new mapping features on our platform. We also use advanced routing algorithms to build an optimized system capable of handling massive amounts of requests on our platform. We employ machine learning techniques to determine the optimal route to complete the trip, including the best pick-up and drop-off spots for each carpooling rider, taking into consideration user safety, depending on time and location. Supported by advanced mapping function, our routing technology optimizes for the nearest pick-up location for riders to walk, lowering wait time and distance traveled. Our advanced routing algorithms, based on navigation, are able to process approximately 45,000 path planning requests per second, greatly reducing the time needed to optimize path search.

Big Data Analytics and Artificial Intelligence

We have invested significantly in our data analytic capabilities and artificial intelligence to manage the complexity of our user base. We process voluminous data commensurate with our operations on a daily basis, with a total storage capacity of over 7,000 terabytes stored in over 800 physical servers. We have developed the data computing and storage platform based on third-party open-source systems. In addition, we have developed our proprietary big data analytics technologies for data monitoring and management to analyze large datasets to improve our operations.

Our big data analytics and artificial intelligence technologies enable us to further develop our algorithms and improve our matching efficiency between drivers and riders to increase the response rate and reduce the wait time. For example, when multiple drivers compete for the same order or multiple riders are waiting for a pickup, our match algorithms determine rankings of the drivers and riders by analyzing the attributes and preferences of the drivers and the riders as well as the nature of the order. Specifically, our algorithms will prioritize drivers with higher points in the behavior score. Priority will also be given to riders with orders of higher predicted acceptance rate based on the characteristics of timing, route and distance.

Cloud Technologies

With over 800 physical servers and over 900 cloud-based servers, we have computing power to process massive amounts of transactions simultaneously, with the public network speed reaching more than one gigabit per second at traffic peak. We also continuously refine our own operational efficiency and upgrade our cloud-based management platform for partnered taxi companies and associations based on advanced cloud technologies. We utilize reputable third-party cloud computing services for facial recognition, identity verification and phone number anonymization. These partnerships allow us to quickly and efficiently scale up our services to meet spikes in usage without upfront infrastructure costs. During the Track Record Period, in addition to the service providers that we engaged to host our leased physical servers, we also engaged two reputable cloud service providers to deploy our leased cloud-based servers to address requests from a portion of our service offerings and diversify the risk of system downtime.

DATA PRIVACY AND SECURITY**Infrastructure Stability and Data Security**

We are committed to protecting our users' personal information and privacy. We collect personal information and data from users only with their prior consent for verification purpose. These personal information and data collected mainly include user's identification card, facial photograph, vehicle information, location, address book, phone number, device number, driver's license and recording during trips. We generally maintain the personal information and data on our platform for the minimum time necessary for the purpose of their processing pursuant to the applicable laws and regulations, which ranges from days to years, and the users retain the ownership of such information and data.

We take safety precautions in confidential information storage. Our information technology network is configured with multiple layers of protection to secure our databases and servers. To protect security throughout the various stages of our operations and data analytics, all user data tagged and processed are stored on our firewall-protected physical servers, and our testing data, including fictitious phone numbers and plate numbers automatically generated by our testing programs which do not contain any personal information, are stored on our cloud-based storage system operated by third-party cloud service providers. We back up user data on a daily basis in separate and various secured data back-up systems to minimize the risk of user data loss or leakage. We also conduct frequent reviews of our back-up systems to ensure that they function properly and are well maintained. We believe we maintain stable, reliable, secure and scalable technological infrastructure that is compatible to our growing business.

We have purchased more physical servers and engaged cloud service providers to diversify the risk of system downtime in response to potential technical errors in our systems. We have also cooperated with our suppliers of verification services to enhance the relevant data security by adopting more complicated algorithms for firewalls, password policy, server access logging and network access authentication, to prevent hacker attack targeting the verification code used by our users for registration and user account balances.

To ensure our ongoing compliance with the applicable regulations related to cybersecurity, information security, privacy and data security, and mitigate any potential risks related to regulatory developments, we have also taken specific measures. We filed the 2022 annual car data security management status report to the competent authority pursuant to the Several Provisions on Car Data Security Management (for Trial) (汽車數據安全管理若干規定(試行)). We have also implemented the graded protection of cybersecurity pursuant to the Cybersecurity Law of the PRC (中華人民共和國網絡安全法), completed the assessment and obtained the record filing certificate regarding our mobility information system.

BUSINESS

As of the Latest Practicable Date, we had not been challenged by or claimed by any users, or imposed any penalties or fines by any regulatory authorities, regarding misuse of personal information or data or any other related matters. We had not experienced improper use of data by third-party service providers during the Track Record Period. We continuously strengthen our secured data back-up systems and conduct frequent reviews of our systems on a daily basis to prevent unauthorized access. As of the Latest Practicable Date, we did not have any data leakage incidents. During the Track Record Period and up to the Latest Practicable Date, we did not suffer any material losses or negative financial impact on our revenue due to these incidents. See “Risk Factors—Risks Relating to Our Business and Industry—Our business involves collection, storage, processing and transmission of a large amount of data and may be subject to complex and evolving regulations and oversight related to cybersecurity, information security, privacy and data security. If we fail to comply with the relevant laws and regulations, our business, results of operations and financial condition may be adversely affected.” We have adopted additional safeguard measures to enhance our operation maintenance by strengthened data security protocols and to prevent the reoccurrence of such incidents.

Data Protection

We have also implemented a variety of protocols and procedures, such as regular system checks, password policy, server access logging, network access authentication, user authorization review and approval and data back-up, as well as data recovery test, to safeguard our data assets and prevent unauthorized access to our network. We continue to improve and enhance our data and system security through routine checks and periodic upgrades to ensure the proper management of our operational data. Mr. DUAN Jianbo, our executive Director and vice president responsible for research and development and technical matters, is in charge of the compliance regarding data protection.

Our users are fully informed by our *Personal Information Protection and Privacy Policy* of the types of personal information collected when using specific services on our platforms. Our users acknowledge that we may share with third parties or government authorities the data and information pertaining to their use of our platform. Our privacy policy is regularly updated in compliance with relevant laws and regulations on data protection and privacy in our business operations. Our *Data Security Management Protocol* provides that only maintenance engineers and data engineers may have access to the user data necessary for performing their duties. According to the data protocol, all other employees must submit the application for the access to data through the specified procedures in the protocol, in which they must provide the form and content of the data requested and reasons for such request, and may have access to such data only after obtaining the requisite internal approvals. Our vice presidents for operation, product and technology are jointly responsible for approving the application to access user data. The data must be desensitized by data engineers before they are provided to the employees or any third parties to the extent necessary and permitted by law. The details of all data access records will be kept in our audit logs. We might collect information from our partnered taxi associations and taxi companies, including driver’s identification card number, cell phone number and taxi plate number. See “—Our Service Offerings—Smart Taxi Services.”

BUSINESS

Furthermore, we enter into confidentiality agreements with our employees who have access to any above-described user information. The confidentiality agreements provide that, among others, our employees are legally obligated not to share, distribute or sell the confidential information, including the user information in possession, to any other parties, including other employees who have no access to the information. Our employees are also legally obligated to surrender all confidential information in possession while resigning, and to retain their confidential obligations thereafter. Our employees bear compensation liability if they breach their confidential obligations or otherwise commit misconduct resulting in leakage of our confidential information.

During the Track Record Period, we entered into legally binding agreements with third-party service providers, with the major terms governing data protection typically including:

- *Confidentiality.* Neither party may disclose to any third party the business, technical or operating information of the other party obtained during the business relationship, unless otherwise stipulated by laws and regulations.
- *Access to data.* Our third-party service providers cannot access or use any data in our custody without our consent.
- *Breach.* In the event of a breach of confidentiality obligations, our third-party service providers must take all reasonable measures to avoid or mitigate the consequences of the damage. If our third-party service providers cause losses to us as a result of the breach of confidentiality obligations, they must compensate us for the direct economic losses caused by the breach.

In light of the fact that (1) we collect and use personal information of our users with their prior consent in compliance with applicable laws; (2) we only collect and use personal information of our users to the extent necessary for the performance of our services and other legitimate use cases; (3) we have implemented certain policies and rules on personal information protection; (4) we have taken necessary measures, including entering into confidentiality agreements with our employees, to prevent leakage of personal information; (5) we have installed anti-virus and firewall software in our office system to prevent data attack, leakage and tampering, and we upgrade such software from time to time and carry out inspection to detect virus intrusion on a regular basis; (6) we have provided training to our employees to ensure that they are aware of our internal policies in relation to personal information protection; (7) we were not challenged by or claimed by any users or been imposed any penalties or fines regarding personal information leakage or dispute during the Track Record Period and up to the Latest Practicable Date; (8) we have adopted effective policies and upgraded our internal systems to satisfy the requirement of obtaining explicit consent from our users for data collection, which was imposed by the relevant regulatory authority arising during a routine investigation; and (9) we have obtained the record filing certificate for the graded protection of cybersecurity (網絡安全等級保護備案證明), our PRC legal advisors have advised us that we have complied with all applicable PRC regulations on data privacy and security in all material aspects, and there has been no material investigations, penalties, litigations or legal proceedings against us relating to data privacy and protection during the Track Record Period and up to the Latest Practicable Date. See “Risk Factors—Risks Relating to Our Business and Industry—Our business involves collection, storage, processing and transmission of a large amount of data and may be subject to complex and evolving regulations and oversight related to cybersecurity, information security, privacy and data security. If we fail to comply with the relevant laws and regulations, our business, results of operations and financial condition may be adversely affected.”

CUSTOMER SERVICE

We strive to improve our users' level of satisfaction by offering high-quality customer service. We primarily deploy contracted customer service staff to serve our users through telephone hotlines and online inquiry systems, which are connected with our own monitoring systems. They are primarily responsible for initiating users and addressing their preliminary questions. As of December 31, 2023, our customer service team consisted of 28 in-house service staff and 462 outsourced professionals. We maintain quality control of the customer service provided by our customer service team and regularly review their performance to ensure that our users receive satisfactory care and that brand image is not tarnished by substandard services. We monitor the telephone recordings of our outsourced customer service staff and collaborate with them for rectification or improvement if we identify any recording to fall short of our quality requirements. We hold weekly meetings with our outsourced customer service staff to ensure we apply consistent standards for quality control. We also regularly provide training programs to our customer service staff. We make monthly payment to our outsourced customer service providers. In addition, we have a dedicated team of complaint specialists, consisting primarily of contracted staff and, to a lesser extent, our in-house team. As of December 31, 2023, our complaint specialist team consisted of 10 in-house service staff and 26 outsourced professionals. These specialists possess better communication skills and extensive experience in addressing user concerns. Our complaint specialists are primarily responsible for making phone calls to users and resolving issues, such as ride fare disputes during trips. Compared to other customer service staff, our complaint specialists are granted greater authority, including the ability to issue cash coupons to user accounts, cancel ride fares, and access trip routes and voice recordings, which allows them to directly handle and resolve user complaints.

Our management team evaluate users' complaints and feedback regularly and perform root cause analysis to identify the underlying reasons for user dissatisfaction. Once the root causes have been identified, we focus on improving our services until such issues are resolved.

During the Track Record Period, we from time to time received user complaints encompassing various types of user demands, primarily including (1) complaints from riders of perceived physical threats, and (2) other user complaints related to issues during the carpooling trip. We have adopted various measures for handling different user complaints. Our platform handles and resolves all of the complaints received from riders and private car owners either automatically by the platform system or manually by the customer service staff, and does not leave riders' complaints, once received by the platform, to their own for resolving disputes with private car owners.

User safety is a key tenet that guides our customer service work. For complaints from riders of perceived physical threats, we have established 24/7 emergency response mechanism to deal with emergency safety issues. Our in-house customer service staff can be reached 24 hours a day and seven days a week to assist our users who encounter any perceived physical threat during a ride, including, among others, abuse, assault, false imprisonment and sexual harassment. During the Track Record Period, we received 155, 122 and 148 complaints of perceived physical threats from riders in 2021, 2022 and 2023, respectively, all of which have been resolved as of the date of this prospectus. We train and require our in-house and outsourced customer service staff to provide the same level of professional and timely service for our users when offering emergency help. When offering

BUSINESS

emergency help and addressing such complaints, our customer service staff verify the identity of the user, confirm whether the user is in a safe situation, record the incident, search for similar records of the respondent, lock the user account of the respondent on our platform and help call the police if necessary. In the case of emergency, we lock the user account of the respondent on our platform in order to not only facilitate the investigation process by preventing the respondent from canceling the trip or the account to remove trip history, but also prevent the respondent from obtaining or requesting new orders. Upon completion of the investigation, the account will be permanently locked if there are any confirmed violations of our rules or restored if the complaint is unverified or resolved. To mitigate the risk of similar occurrences, we have implemented stringent background check and verification process and protective measures (e.g., conducting facial recognition before the travel begins), developed a series of safety features on our platform to ensure safety during the travel, and established a customer service mechanism and deterrence measures to deal with complaints and monitor potential user misconducts. For details, see “—Our Commitment to Trust and Safety.”

During the Track Record Period, we also received other user complaints, primarily including issues that arose during the carpooling trips and users’ further requests beyond the original resolutions proposed by our platform, which accounted for approximately 0.07%, 0.09% and 0.08% of the placed orders in 2021, 2022 and 2023, respectively, and all of such complaints were subsequently resolved. These complaints typically relate to untimeliness, no-shows, location issues, attitude problems, fare disputes, lost items, complaints regarding the functions of our platform, user accounts and behavior scores, requests for cancellation fee waivers, and other disputes during the carpooling trip or regarding the functionality of our platform. While some complaints involved private car owners or taxi drivers and riders, they often did not necessarily indicate serious misconduct on either party, but rather resulted from poor communication between the two. We promptly followed up with these complaints pursuant to our complaint handling procedures, which generally include the following steps. Our outsourced professionals in our customer service team report the complaints to our complaint specialists after recording the details. Our complaint specialists make phone calls to the respondents to ascertain the details, including the registration information on our platform, order records and details, voice recordings and traveling route of the trips. If the complaint is verified, the points in the behavior score of the respondents will be deducted and temporary or permanent bans may be imposed according to our rules. We also refund the prepayment of the ride fare if and when applicable. If the respondents offer evidence to refute the complaints, our complaint specialists will inform the customers who lodged the complaints and work with them to resolve their concerns. Our Directors are of the view that these complaints, individually or in the aggregate, had not materially and adversely affected our business, results of operations and financial condition.

During the Track Record Period, we were notified by certain private car owners regarding their receipt of administrative penalties from local transportation authorities, purportedly citing the lack of the relevant license based on the licensing regime that applies to online ride-hailing services, primarily because (1) the enforcement personnel may have confused carpooling with online ride-hailing as it is a relatively new mobility mode and, as a result, misunderstood the nature of our business as a carpooling marketplace service provider, and (2) there are no specified laws and regulations applicable for governing carpooling services or providing detailed rules on administrative penalties at the national level and the municipal level, and therefore, under the current regulatory

BUSINESS

framework, the relevant authorities could only impose administrative penalties by citing the lack of the relevant license based on the licensing regime that applies to online ride-hailing services, even though the cause of penalty is unrelated to the nature of the private car owner's action of providing a carpooling ride. These administrative penalties imposed on the private car owners did not involve us and had no impact on us, and were not included within the 57 administrative penalties we received in 2020 and 2021. See “—Regulations on Carpooling Services and Administrative Penalties—Historical Administrative Penalties and Discrepancies” for details. Some private car owners would seek advise or assistance from us upon receiving the administrative penalties. In that case, we first conducted fact-finding and checked for the reasons for penalty stated on the tickets and the private car owners' records in our system, including their posted itineraries, the actual traveling route, the order records and suspicious activities reported by riders, if any. As advised by our PRC legal advisors, carpooling marketplace operators are generally not jointly and severally liable for private car owners' non-compliance with applicable laws and regulations. See “—Regulations on Carpooling Services and Administrative Penalties.” Accordingly, if we determined through the fact-finding procedures that the private car owners may have been imposed administrative penalties without proper cause and believed that the local transportation enforcement personnel had confused carpooling with online ride-hailing, we would assist in liaising with the local enforcement agencies to verify the facts and appeal the administrative penalties to the extent feasible. If there were any uncertainties, we generally would not assist the private car owners in communicating with local transportation enforcement agencies.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major customer complaint that resulted in material government investigations, administrative proceedings, and litigations with substantial compensation liability on our part.

SALES AND MARKETING

Promoting public awareness of our offerings is important to our ability to attract new users and grow our business. We market our platform primarily through the efforts of our sales and marketing department. We, from time to time, provided various forms of subsidies and incentives, such as coupons and cash awards, to acquire users, improve their stickiness to our platform, and increase user activity, especially at an earlier development stage of our business and under special circumstances, such as the COVID-19 outbreak. In general, we do not need to pay significant subsidies to attract users for our carpooling platform due to its collaborative and cost-sharing mobility mode as compared to ride-hailing. In 2021, we increased our subsidies to private car owners to incentivize them to provide rides on our platform. Notwithstanding that, in 2021, 2022 and 2023, the total amount of subsidies to private car owners and user incentives for carpooling riders we incurred was RMB0.1 billion, RMB0.1 billion and RMB0.2 billion, respectively, accounting for 1.8%, 1.9% and 1.8% of the GTV of our carpooling marketplace in the same year, respectively, which is significantly lower than ride-hailing for which the average level of incentives and subsidies paid to drivers and riders, respectively, is approximately 5% to 10% and 10% as a percentage of GTV, respectively, according to the F&S Report. In addition, while our total subsidies and user incentives decreased in absolute amount from RMB154.9 million in 2021 to RMB135.1 million in 2022, its proportion of our total revenue increased from 19.9% in 2021 to 23.7% in 2022, as although we took measures to incentivize user activity on our platform, the business volume of our carpooling marketplace and taxi

BUSINESS

online-hailing services were nevertheless adversely affected by the resurgence of COVID-19 and the noticeable uptick in infections at the end of 2022. The proportion of total subsidies and user incentives to the total revenue decreased to 20.5% in 2023 following the increase in our revenue resulting from the growth of our carpooling marketplace services along with our business recovery from the adverse impact of the pandemic.

Driven by the improved acceptance of our platform and the resulting strategic adjustment to our marketing approach, we have increasingly relied on word-of-mouth referrals to promote our platform and generate rides. We currently conduct our marketing activities through referrals by existing users, distribution of free coupons and sales of coupon packages for discounted trips, social media, application stores, search engine optimization and keyword search campaigns. In addition, we cooperate with other internet-based platforms with large user base, including video streaming websites, travel service providers and online food delivery service providers, to conduct cross-sale campaigns.

Moreover, our strategic partnerships with certain municipal taxi associations and taxi companies provide us with opportunities to acquire new users in various geographical regions.

CUSTOMERS AND SUPPLIERS

Our Customers

Our customers include primarily individual private car owners and taxi drivers who use our platform, and corporate customers which engage us for our advertising and other services, including companies providing automobile-related services, technology and internet companies, e-commerce companies and media companies.

For each year of the Track Record Period, our top five customers were all corporate customers for our advertising and other services. Revenue generated from our top five customers in each year during the Track Record Period accounted for 5.4%, 4.6% and 2.7% of our total revenue in 2021, 2022 and 2023, respectively, and transaction amount generated from our largest customer in each year during the Track Record Period accounted for 2.7%, 2.3% and 1.1% of our total revenue in the same years, respectively. We generally granted a credit term ranging from 30 days to 120 days for our top five customers for each year of the Track Record Period and we settled with them through bank transfer. The following table sets forth certain information of our top five customers for the respective year during the Track Record Period.

BUSINESS

<u>Customer</u>	<u>Transaction amount</u> (RMB in millions)	<u>Percentage of total revenue</u> (%)	<u>Length of relationship as of the Latest Practicable Date</u>	<u>Principal business</u>
<i>For the year ended December 31, 2021</i>				
Customer A ⁽¹⁾ . . .	20.8	2.7	August 2018—present	Media and advertisements
Customer B ⁽²⁾ . . .	11.0	1.4	March 2021— December 2021	Media and advertisements
Customer C ⁽³⁾ . . .	5.4	0.7	February 2021— January 2023	Media and advertisements
Customer D ⁽⁴⁾ . . .	2.2	0.3	May 2021—present	Automobile value-added services
Customer E ⁽⁵⁾ . . .	2.0	0.3	December 2020— January 2021	Marketing and promotion services
Total	<u>41.4</u>	<u>5.4</u>		
<i>For the year ended December 31, 2022</i>				
Customer A ⁽¹⁾ . . .	12.9	2.3	August 2018—present	Media and advertisements
Customer F ⁽⁶⁾ . . .	5.3	0.9	January 2022— December 2022	Media and advertisements
Customer G ⁽⁷⁾ . . .	3.3	0.6	January 2019— present	Media and advertisements
Customer H ⁽⁸⁾ . . .	3.1	0.5	January 2022— December 2022	Media and advertisements
Customer I ⁽⁹⁾	1.7	0.3	May 2021—present	Media and advertisements
Total	<u>26.3</u>	<u>4.6</u>		
<i>For the year ended December 31, 2023</i>				
Customer A ⁽¹⁾ . . .	9.2	1.1	August 2018—present	Media and advertisements
Customer J ⁽¹⁰⁾ . . .	5.5	0.7	April 2023—present	Media and advertisements
Customer G ⁽⁷⁾ . . .	3.1	0.4	January 2019—present	Media and advertisements
Customer K ⁽¹¹⁾ . .	2.9	0.4	January 2023— present	Media and advertisements
Customer L ⁽¹²⁾ . .	1.7	0.2	December 2022— present	Media and advertisements
Total	<u>22.3</u>	<u>2.7</u>		

- (1) Customer A is an advertisement agent located in Beijing. Customer A is a private company with a registered capital of RMB10.0 million.
- (2) Customer B is an advertisement agent located in Chengdu city, Sichuan province. Customer B is a private company with a registered capital of RMB10.0 million.
- (3) Customer C is an advertisement agent located in Beijing. Customer C is a private company with a registered capital of RMB3.0 million.

BUSINESS

- (4) Customer D is an automobile value-added service provider located in Qingdao city, Shandong province. Customer D is a private company with a registered capital of RMB100.0 million.
- (5) Customer E is a user acquisition promotion company located in Hangzhou city, Zhejiang province. Customer E is a private company with a registered capital of RMB10.0 million.
- (6) Customer F is an advertisement agent located in Beihai city, Guangxi province. Customer F is a subsidiary of a public company listed on the Stock Exchange and has a registered capital of RMB2.0 million.
- (7) Customer G is an advertisement agent located in Fuzhou city, Jiangxi province. Customer G is a private company with a registered capital of RMB2.0 million.
- (8) Customer H is an advertisement agent located in Wuhan city, Hubei province. Customer H is a private company with a registered capital of RMB10.0 million.
- (9) Customer I is an advertisement agent located in Tianjin. Customer I is a private company with a registered capital of US\$106.7 million.
- (10) Customer J is an advertisement agent located in Beijing. Customer J is a private company with a registered capital of RMB10.0 million.
- (11) Customer K is an advertisement agent located in Beijing. Customer K is a private company with a registered capital of RMB10.0 million.
- (12) Customer L is an advertisement agent located in Beijing. Customer L is a private company with a registered capital of RMB10.0 million.

During the Track Record Period, we did not have disputes with our major corporate customers. Our business relationship with them is generally terminated upon the expiration of the agreement or, occasionally, as a result of the strategic adjustment of their advertising plans.

As of the Latest Practicable Date, none of our Directors, their close associates or any shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five customers for each year of the Track Record Period.

Our Suppliers

Our suppliers include primarily third-party payment processors, insurance providers, customer service outsourcing vendors, marketing service providers, and server hosting, cloud computing, software service and other technology service providers. We select our suppliers based on the quality of services, prices and our business needs. Purchases from our top five suppliers in each year during the Track Record Period accounted for 41.9%, 39.0% and 40.8% of our total purchases in 2021, 2022 and 2023, respectively, and purchases from our largest supplier in each year during the Track Record Period accounted for 12.2%, 9.7% and 10.2% of our total purchases in the same years, respectively. We were generally granted a credit term ranging from 30 to 60 days by our five largest suppliers (except for suppliers of payment services which had no credit terms) for each year of the Track Record Period and we settled with them through bank transfer. The following table sets forth certain information of our top five suppliers for the respective year during the Track Record Period.

BUSINESS

Supplier	Transaction amount (RMB in millions)	Percentage of total cost of procurement (%)	Length of relationship as of the Latest Practicable Date	Principal business
<i>For the year ended December 31, 2021</i>				
Supplier A ⁽¹⁾	28.1	12.2	October 2014—present	Payment services
Supplier B ⁽²⁾	19.5	8.5	November 2017— present	Customer services
Supplier C ⁽³⁾	19.2	8.3	September 2019— present	Financial and insurance services
Supplier D ⁽⁴⁾	15.1	6.5	April 2015—present	Payment services and technology services
Supplier E ⁽⁵⁾	14.8	6.4	January 2021—present	Marketing and promotion services
Total	96.7	41.9		
<i>For the year ended December 31, 2022</i>				
Supplier A ⁽¹⁾	22.3	9.7	October 2014—present	Payment services
Supplier E ⁽⁵⁾	21.7	9.4	January 2021—present	Marketing and promotion services
Supplier C ⁽³⁾	17.4	7.5	September 2019— present	Financial and insurance services
Supplier B ⁽²⁾	15.8	6.9	November 2017— present	Customer services
Supplier F ⁽⁶⁾	12.7	5.5	July 2018—present	Technology services
Total	89.9	39.0		
<i>For the year ended December 31, 2023</i>				
Supplier A ⁽¹⁾	30.0	10.2	October 2014—present	Payment services
Supplier E ⁽⁵⁾	29.9	10.2	January 2021—present	Marketing and promotion services
Supplier G ⁽⁷⁾	20.4	7.0	November 2018—present	Technology services
Supplier F ⁽⁶⁾	20.2	6.9	June 2018—present	Technology services
Supplier D ⁽⁴⁾	19.1	6.5	April 2015—present	Payment services and technology services
Total	119.6	40.8		

(1) Supplier A is a payment service provider located in Shenzhen. Supplier A is a subsidiary of a public company listed on the Stock Exchange and has a registered capital of RMB1.0 billion.

(2) Supplier B is a customer service outsourcing company located in Shijiazhuang city, Hebei province. Supplier B is a private company with a registered capital of RMB3.0 million.

BUSINESS

- (3) Supplier C is an insurance provider located in Beijing. Supplier C is a local branch and subsidiary of a public company listed on the Stock Exchange.
- (4) Supplier D is a payment service and technology service provider located in Shanghai. Supplier D is a private company with a registered capital of RMB1.5 billion.
- (5) Supplier E is a market promotion service provider located in Huaian city, Jiangsu province. Supplier E is a private company with a registered capital of RMB10.0 million.
- (6) Supplier F is a technology service provider located in Beijing. Supplier F is a subsidiary of a public company listed on the Stock Exchange and has a registered capital of RMB1.0 billion.
- (7) Supplier G is a technology service provider located in Hangzhou city, Zhejiang province. Supplier G is a subsidiary of a public company listed on the Stock Exchange and has a registered capital of RMB1.0 billion.

As of the Latest Practicable Date, none of our Directors, their close associates or any shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five suppliers for each year of the Track Record Period.

Overlapping of Customers and Suppliers

Our Directors confirmed that none of our major customers was our major supplier during the Track Record Period, except for Customer A, a major customer in 2021, 2022 and 2023 and also a supplier in 2022 and 2023. Customer A purchased advertising services of in-app programmatic advertisement placement in 2021, 2022 and 2023, respectively. Meanwhile, in 2022 and 2023, respectively, Customer A provided API interface developing services to help us connect our in-app programmatic advertisement placement with another customer who did not have a cohesive API interface with our platform, as Customer A has achieved API interface cohesion with us and well understood our technology system structure as our customer. See “—Customers and Suppliers—Our Customers” for details. Negotiations of the terms of our sales to and purchases from this company were conducted on an individual basis, and the sales and purchases were neither inter-connected or inter-conditional with each other. Revenue generated from Customer A as a percentage of our total revenue was 2.7%, 2.3% and 1.1% in 2021, 2022 and 2023, respectively. The services purchased from Customer A as a percentage of our total cost of procurement was 1.0% and 0.4% in 2022 and 2023, respectively. Our Directors confirmed that all of our sales to and purchases from this company were conducted in the ordinary course of business under normal commercial terms and on arm’s length basis.

SEASONALITY

We have experienced, and we expect to continue to experience, seasonality in our business. For example, we generally experience less user traffic during the Chinese New Year holidays in the first quarter of each year. We have also seen spikes in business volumes around other major holidays. We expect our revenue to continue to fluctuate based on seasonal factors that affect China’s carpooling and taxi industries.

COMPETITION

China's mobility market, including our addressable markets, is intensely competitive and characterized by rapid changes in technology, shifting user preferences and frequent introduction of new services and products. Specifically, China's car-based passenger transportation market consists of taxi, ride-hailing and carpooling, each having a market share of 54.2%, 41.4% and 4.4% in terms of GTV in 2023, respectively, according to the F&S Report. Compared to ride-hailing services business, carpooling services business is characterized by, among others, lower pricing and collaborative mobility mode. On the other hand, carpooling has its limitations as compared to ride-hailing. As carpooling is not an on-demand commercial mobility service and mandates a high similarity level of travel itineraries, potential carpooling riders may not always get matched in a timely manner, or at all. As such, the market size of carpooling may not be comparable to that of ride-hailing. In addition, the potential growth of the carpooling market in the entire car-based passenger transportation industry is limited by the competition from ride-hailing service providers and other market players arising from their dominant market positions, enlarged business scale and growing base of drivers.

During the Track Record Period, the competitive landscape of China's carpooling market evolved due to the changes in the major players. Specifically, a major market player, who temporarily suspended its carpooling marketplace service from August 2018 to December 2019, officially relaunched its carpooling marketplace service in December 2019 and gained an increased market share in terms of GTV from 2020 to 2021, according to the F&S Report, which impacted our market share in China's carpooling market. As a result of the disparity of COVID-19 impact in terms of geography and magnitude, coupled with the evolution in the competitive landscape, our GTV generated from carpooling marketplace services did not keep pace with the overall market in 2021 and decreased in 2022. We expect competition to continue, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages, as well as from new entrants into the market, some of which may become significant players in the future. Apart from other carpooling marketplace service providers, we also face competition from ride-hailing service providers and other market players in China's car-based passenger transportation market. See "Industry Overview" for the details of the competitive landscape.

We believe that our ability to compete effectively depends upon many factors within or beyond our control, including:

- our ability to scale up by attracting and retaining riders, private car owners and taxi drivers;
- our ability to provide superior user experience;
- our ability to maintain and improve our safety mechanism;
- the popularity, price, utility, ease of use, performance and reliability of our services;
- our reputation and brand strength relative to our competitors;

BUSINESS

- our ability to maintain and expand collaborative or strategic relationships with taxi companies, taxi associations, public transportation authorities and other business partners;
- our ability, and the ability of our competitors, to develop new services and products;
- our ability to maintain business integrity;
- changes mandated by, or that we elect to make to address, evolving legislation and requirements by regulatory authorities; and
- our ability to fully comply with relevant laws and regulations and address disputes and proceedings.

We believe we compete favorably across these factors. However, many of our competitors and potential competitors are larger and have greater brand name recognition, longer operating history, larger marketing budgets and established marketing relationships, larger user base and significantly greater resources. See “Risk Factors—Risks Relating to Our Business and Industry—We face intense competition and could lose market share to our competitors, which could materially and adversely affect our business, results of operations and financial condition.”

INTELLECTUAL PROPERTY

We protect our intellectual property rights through a combination of copyright, trademark and other intellectual property laws, as well as confidentiality and license agreements with our employees, suppliers, customers and others. In general, our employees must enter into a standard confidentiality agreement acknowledging that all inventions, trade secrets, developments and other processes generated by them on our behalf are our property, and assigning to us any ownership rights that they may claim in those works. According to the F&S Report, we have implemented proper measures protecting our intellectual property rights, which are in line with the market practice. Despite our precautions, however, third parties may obtain and use intellectual property that we own or license without our consent. Unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See “Risk Factors—Risks Relating to Our Business and Industry—If we fail to prevent the loss or misappropriation of our intellectual property rights, we may lose our competitive edge. The value of our services, reputation and business operations may be materially and adversely affected.”

During the Track Record Period, we were involved in a series of intellectual property proceedings with Hangzhou Dida Mobility Enterprise Management Limited (“Hangzhou DMEM”) regarding certain of our trademarks, mainly including “嘀嗒” (registration number 17888860) and “嘀嗒租车” (registration number 15519442A). To our best knowledge, there is no past or present relationship (including business, financing, trust or otherwise) between us and Hangzhou DMEM, our respective subsidiaries, directors, shareholders or senior management, or any of our respective associates.

We noticed that Hangzhou DMEM launched its mobile apps for carpooling related services in 2019 using the character combination of “滴答” which bore similarity to our valid trademark, leading to users’ confusion of our brands. After investigating the facts related to Hangzhou DMEM’s improper registration of its “滴答” trademark, in February 2021, we filed claims against Hangzhou DMEM to the China National Intellectual Property Administration (國家知識產權局) (the “CNIPA”) to invalidate its “滴答” trademark. Following the CNIPA’s invalidation decision for Hangzhou DMEM’s trademark “滴答” in February 2022, we sued Hangzhou DMEM in April 2022 for intellectual property infringement and unfair competition. In parallel, upon receiving our invalidation request to the CNIPA, Hangzhou DMEM initiated a series of requests lodging for trademark invalidation and revocation against us to the CNIPA starting from June 2021, leading to the following legal proceedings. Specifically, as of the date of this prospectus, we have been involved in (1) one administrative litigation initiated by Hangzhou DMEM to challenge the invalidity by the CNIPA of Hangzhou DMEM’s trademark “滴答” in February 2022; Hangzhou DMEM lost the case and its trademark was sustained to be invalid by Beijing High People’s Court as final and conclusive; (2) 10 administrative litigations initiated by Beijing Changxing regarding the CNIPA’s invalidity of our certain disputed trademarks in May 2022, comprising six cases which have been decided as final and conclusive in our favor, and four cases which have been decided in our favor by the trial court and pending further appellate court proceedings; (3) civil lawsuits between Beijing Changxing and Hangzhou DMEM against each other, and Hangzhou DMEM has dropped its civil claims against us; and (4) non-use revocation of certain of our trademarks, the decisions of which have either been revoked as final and conclusive by Beijing High People’s Court or not been put into effect and are pending further proceedings, and our involved trademarks remain valid.

Invalidation of Hangzhou DMEM’s trademark

In February 2022, the CNIPA invalidated Hangzhou DMEM’s trademark “滴答” upon the request of Beijing Changxing. Hangzhou DMEM then appealed the invalidation decision, for which Beijing Changxing, as the claimant for CNIPA’s invalidation decision, is named as a third party according to the relevant laws.

Beijing Intellectual Property Court decided in our favor in February 2023 that Hangzhou DMEM’s trademark “滴答” should be invalidated for the scope of freight, transportation, transportation booking, air transportation, navigation system rental and car transportation pursuant to article 31 of the PRC Trademark Law. This article provides that where two or more applicants apply to register identical or similar trademarks for use on the same kind of goods or similar goods, the trademark office shall first conduct examination of, give approval to and announce the trademark whose registration application is filed earlier than the rest. Beijing Intellectual Property Court has recognized that, (1) Beijing Changxing was the first to file its trademark, which also had established market recognition and goodwill, and (2) the “滴答” trademark constituted a similar trademark to our valid “嘀嗒🚗” trademark (registration number 15519442A, Class 39) in terms of character combination and service scope, which was misleading for the public, and thus should be invalidated for the areas covered by our trademark. After Hangzhou DMEM appealed the decision, Beijing High People’s Court made the final and conclusive decision on August 28, 2023 to sustain Beijing Intellectual Property Court’s decision in our favor, confirming that Hangzhou DMEM’s trademark “滴答” should be invalidated for the said scope. As advised by our trademark litigation advisors, based on the court rulings elaborated above, as Hangzhou DMEM has lost its trademark validity with reference to our valid “嘀嗒🚗” trademark, it would have no grounds to further challenge the validity of our trademarks with similar character combination for such transportation related services under Class 39 of trademark classification.

BUSINESS

Administrative litigations regarding the CNIPA's invalidation of our trademarks

In May 2022, the CNIPA invalidated 10 trademarks of Beijing Changxing, including one trademark “滴答” (registration number 17888860, Class 39) that is material to our business. See “Statutory and General Information—B. Further Information about Our Business—2. Our Material Intellectual Property Rights—(a) Trademarks” in Appendix IV to this prospectus. The disputed CNIPA’s invalidity of our trademarks arose solely from Hangzhou DMEM’s lodge of request for trademark invalidation to the CNIPA, instead of being proactively initiated by the CNIPA. In July 2022, Beijing Changxing initiated 10 administrative litigations against CNIPA for its invalidation decisions in Beijing Intellectual Property Court, and named Hangzhou DMEM as a third-party.

As of the date of this prospectus, all of the 10 administrative litigations initiated by Beijing Changxing have been decided in our favor to revoke the CNIPA’s invalidity of our trademarks. Specifically, (1) Beijing Intellectual Property Court decided six cases in our favor in March 2023, and all of the six cases have been decided as final and conclusive in our favor by Beijing High People’s Court in October 2023 following Hangzhou DMEM’s appeals, emphasizing that as Hangzhou DMEM’s “滴答” trademark has been conclusively determined invalid under the relevant service scope, such “滴答” trademark cannot serve as the basis to invalidate the registration of our relevant trademarks; and (2) Beijing Intellectual Property Court decided the remaining four cases (which share the similar facts, allegations and arguments with the six concluded cases) in our favor in December 2023, including the case involving the material trademark “滴答”, with the similar ruling as that of Beijing High People’s Court stated above; as of the date of this prospectus, Hangzhou DMEM has appealed these four judgments, pending further court proceedings.

Our trademark litigation advisors are of the view that we can continue to lawfully use the trademarks involved in the administrative litigations, considering that (1) Beijing High People’s Court have conclusively revoked the CNIPA’s invalidity of the first six trademarks, (2) the remaining four trademarks remain valid during the litigation process, and (3) Beijing Changxing first established the “滴答” brand in the mobility service industry and has been continually using the relevant trademarks in its business operations, giving us the right to continue to use such trademarks with no compensation obligation under a first-to-use doctrine under the relevant PRC law even in the worst-case scenario where they were invalidated. As advised by our trademark litigation advisors, the first-to-use doctrine was designed to protect the original trademark user’s unregistered usage rights in the scenario that the trademark is later registered by a third party. The application of first-to-use doctrine does not hinge on whether the trademark user has previously filed a trademark registration, whether the user’s trademark registration publication date is later than that of the other trademark applicant, or whether the trademark has been registered. Instead, it is based on whether a trademark, registered or not, was used before a similar trademark was registered for similar goods or services, according to article 59(3) of the PRC Trademark Law. Therefore, as the original trademark user, we enjoy the first-to-use protection and are entitled to the continued use of such trademarks by default. The court does not proactively look into or judge on who is the original trademark user. As such, we are not required to first prove in court that we are the first to use the relevant trademarks before our continued use, unless a third party raises a trademark infringement dispute in court. As advised by our trademark litigation advisors, the probability of Hangzhou DMEM filing a trademark infringement lawsuit against us is low, considering that Hangzhou DMEM has lost its trademark validity and the legal basis to further challenge the validity of our relevant trademarks pursuant to the final and conclusive decision of Beijing High People’s Court as elaborated above. Additionally, Hangzhou DMEM has previously discontinued similar claims as specified below.

Civil lawsuits between Beijing Changxing and Hangzhou DMEM against each other

Beijing Changxing and Hangzhou DMEM filed civil lawsuits against each other for intellectual property infringement and unfair competition. As of the date of this prospectus, Hangzhou DMEM has dropped its civil claims against Beijing Changxing for intellectual property infringement and unfair competition following its loss of legal basis for such claims, because the invalidity of its trademark “滴答” was sustained by Beijing High People’s Court as final and conclusive as elaborated above. Beijing Changxing continues pursuing further court proceedings against Hangzhou DMEM for its lawsuit of intellectual property infringement and unfair competition at Hangzhou Intermediate People’s Court, seeking cessation of infringement, elimination of impact of wrongdoing and civil compensation, which are pending the court’s judgment.

Proceedings regarding Non-use Revocation decisions of our trademarks

The PRC Trademark Law provides that where the registered trademark has not been used for three consecutive years without proper reason, any entity or individual may file an application for the revocation of the registered trademark (the “Non-use Revocation”). During the Track Record Period, we were involved in a series of disputes with the CNIPA as it made the Non-use Revocation regarding certain of our trademarks in their designated areas. As of March 31, 2024, 11 of our trademarks in various classes were arguably imposed Non-use Revocation by the CNIPA for certain service areas, including two trademarks (“嘀嗒拼车” (Class 39) and “嘀嗒” (Class 39)) that are material to our business, and two of the Non-use Revocation decisions were subsequently revoked by Beijing High People’s court as final and conclusive. See “Statutory and General Information—B. Further Information about Our Business—2. Our Material Intellectual Property Rights—(a) Trademarks” in Appendix IV to this prospectus. The disputed CNIPA’s Non-use Revocation decisions were not initiated by the CNIPA, but arose solely from Hangzhou DMEM’s lodge of request to the CNIPA.

On May 6, 2024, two Non-use Revocation decisions relating to the trademark “嘀嗒拼车” (Class 35 and Class 39) were revoked by Beijing High People’s court as final and conclusive, and the rest have not been put into effect and are pending further proceedings as of the date of this prospectus. Therefore, the 11 trademarks in various classes remain valid. Specifically, (1) in November 2023, the Beijing Intellectual Property Court decided two Non-use Revocation decisions relating to the trademark “嘀嗒拼车” (Class 35 and Class 39) in our favor, and the judgments were appealed by the CNIPA (as the defendant in the case) together with the legal representative of Hangzhou DMEM (as a third party named in the case) to the Beijing High People’s Court, which then made the final and conclusive decision on May 6, 2024 to sustain Beijing Intellectual Property Court’s favorable decisions for us to revoke the Non-use Revocation decisions, recognizing our continuous usage of the trademark for our major businesses, (2) we have initiated the administration litigation process against the CNIPA in the Beijing Intellectual Property Court for seven Non-use Revocation decisions, seeking withdrawal of these decisions, (3) we have filed a re-examination request to the CNIPA for one Non-use Revocation decision, seeking withdrawal of the decision, and (4) we have determined not to seek further proceedings for one Non-use Revocation decision, as the trademark involved is less used in our daily activities and, therefore, would not impact our business operations. As confirmed by our trademark litigation advisors, Class 39 primarily includes several sub-categories of services related to transportation, such as the service areas that are applicable for our principal business of carpooling marketplace and smart taxi services; and Class 35 primarily includes several sub-categories of services related to advertising and information intermediary, such as the service areas that are applicable for our advertising and other services, as well as our platform providing intermediate services to connect riders and drivers.

BUSINESS

As of the date of this prospectus, there have been only two cases as elaborated above where the CNIPA appealed the lower court's decisions, for which we have achieved favorable results in the appellate decisions as final and conclusive. In its appeals, the CNIPA claimed that Beijing Changxing changed the name of its mobile app from Dida Pinche (嘀嗒拼车) to Dida Chuxing (嘀嗒出行) in 2018, which diverged from the original trademark's verbal expression. Additionally, the CNIPA argued that Beijing Changxing had not directly used the disputed trademark within certain sub-categories under Class 39 for a continuous three-year period; rather, Beijing Changxing had engaged third-party service providers for the navigation service of its mobile app. However, we have never retired the “ 嘀嗒拼车 ” trademark. In fact, we strategically upgraded our brand from Dida Pinche (嘀嗒拼车) to Dida Chuxing (嘀嗒出行) to indicate that we were providing a broader range of mobility services, and that we would extend the original carpooling features to both carpooling and smart taxi services under the upgraded brand. As advised by our trademark litigation advisors, (1) we have provided and supplemented sufficient evidence to prove that, in making the Non-use Revocation decisions, the CNIPA overlooked the fact that there is adequate evidence of our continuous and direct usage of the trademark as a sub-brand of our mobility services in our daily operations after the brand upgrade, and we have also submitted additional and updated evidence to the relevant court; (2) despite that we cooperated with third-party service providers for the navigation service, we did directly provide navigation service through our mobile app to users, and thus used the trademark in the designated service areas; and (3) our above arguments were acknowledged and supported by the Beijing Intellectual Property Court and Beijing High People's Court in their judgments. The remaining eight trademarks that are purportedly at risk of Non-use Revocation, including the material trademark “ 嘀嗒 ”, were not revoked for the complete trademark registration, but were only arguably revoked for certain non-essential service areas (such as car rental) covered under certain sub-categories of the trademark class, which are peripheral to our business operations.

Based on the foregoing, as advised by our trademark litigation advisors, our Directors are of the view that the likelihood that the remaining eight relevant trademarks would be ultimately subject to Non-use Revocation is low. As further advised by our trademark litigation advisors, in the unlikely event that the CNIPA succeeded in court and sustained its Non-use Revocation decisions for the eight disputed trademarks under certain service areas, (1) we may continue to use these trademarks for our principal business (including for the essential service areas covered under the trademark registration which have never been contested), as well as other 嘀嗒-related brands, with no compensation obligation or need to change our business name, (2) such decision would not impact our rights to our other valid trademarks, and (3) we may also further upgrade our brand name and obtain relevant trademarks based on the character combination “ 嘀嗒 ” and for our essential service areas uncontested, as long as we complete the procedural trademark registration requirements. Thus, our Directors are of the view that our business, results of operations and financial condition would not be materially and adversely affected. Furthermore, we have registered a new trademark “ 嘀嗒拼车 ” (registration number 65651252, Class 39), which bears substantially the same character combination yet different design compared with our existing trademark “ 嘀嗒拼车 ”, for different commercial context and as a normal business practice with respect to trademark protection. The CNIPA's approval of this new trademark in January 2023, as advised by our trademark litigation advisors, is indicative of its recognition of our legitimate usage and ownership of the character combination “ 嘀嗒 ”, as well as the inheritance of the goodwill associated with the previously registered trademark.

Impacts of the intellectual property proceedings

Our Directors confirmed that, as advised by our trademark litigation advisors, our Company has not infringed upon Hangzhou DMEM's intellectual property rights, on the basis that (1) we have no intention to misappropriate Hangzhou DMEM's intellectual property rights related to “滴答”, as we were the first to establish the “嘀嗒” brand in the mobility service industry, which has established solid market recognition and goodwill since 2014, and we subsequently registered several related trademarks in our mobility services based on our established brand; and (2) Hangzhou DMEM's trademark “滴答” was invalidated by the CNIPA, Beijing Intellectual Property Court and Beijing High People's Court as final and conclusive, leading to its loss of legal basis to claim trademark infringement.

Having consulted our trademark litigation advisors, our Directors are of the view that these trademark disputes would not materially and adversely affect our business, results of operations and financial condition for the following reasons: (1) we have received several favorable decisions from Beijing Intellectual Property Court and Beijing High People's Court as elaborated above; (2) we launched our app-based carpooling marketplace in 2014 and had applied for registration of “嘀嗒拼车”, earlier than Hangzhou DMEM's “滴答” trademark, where “嘀嗒拼车” was the principal trademark that Beijing Intellectual Property Court used as a basis to compare, review and confirm the validity of our other disputed trademarks; (3) the CNIPA invalidated, and Beijing Intellectual Property Court and Beijing High People's Court sustained the invalidity of, Hangzhou DMEM's “滴答” trademark, and Hangzhou DMEM's claims against our trademarks are all based on such invalidated “滴答” trademark; (4) we received a new trademark “嘀嗒拼车” (registration number 65651252) in January 2023, which represented the CNIPA's recognition of our legitimate usage and ownership of the character combination “嘀嗒”; and (5) Hangzhou DMEM has not started to provide mobility services until November 2019, while our brand “嘀嗒” had already become well-known in the industry by then as a technology-driven platform offering carpooling marketplace and smart taxi services, indicative of Hangzhou DMEM's intention to misappropriate our goodwill. Having taken into account the factors above, the views and analysis of the Directors and the trademark litigation advisors of the Company with the assistance of the Joint Sponsors' PRC legal advisors, nothing has come to the attention of the Joint Sponsors to cast doubt on the Directors' view.

In the unlikely event that the outstanding litigations were ultimately decided against us and our relevant trademarks were revoked or invalidated, the only immediate effect on us would be the loss of exclusive rights to these trademarks. This means that, from the final decision date for revocations or from the registration date for invalidations, we would no longer have a legal basis to pursue infringement claims or prevent unauthorized use of these trademarks. As advised by our trademark litigation advisors, although others may legally use similar trademarks if our trademark is revoked or invalidated, potentially leading to consumer confusion and a diluted brand image, our business, results of operations and financial condition would not be materially and adversely affected for the following reasons: (1) we may continue to use the concerned trademarks and our other valid trademarks for our principal business and obtain new similar trademarks, as elaborated above; (2) although any person could attempt to apply for our revoked or invalidated trademarks under article 4 of the PRC Trademark Law, their successful registration is not guaranteed, as it would depend on meeting various legal requirements subject to the CNIPA's review, and we have the option to reapply for these trademarks ourselves. In fact, in parallel to the above-mentioned trademark disputes, we have applied and/or reapplied for multiple 嘀嗒-related trademarks of various classes from 2022 to 2024, all of which were successfully registered as valid and effective, indicating the CNIPA's recognition of our legitimate usage and ownership of the character combination “嘀嗒”.

BUSINESS

As of the Latest Practicable Date, we owned 10 registered domain names. We generally renew our domain name registrations once every year and applications for their renewal are usually approximately made one to three months prior to their expiration. Under normal circumstances, the domain name registrations take effect immediately after the payment of renewal fees. As of the Latest Practicable Date, all of our registered domain names remained in effect. If any of our domain name registrations cannot be renewed for any reason, the domain name registrar may deregister the relevant domain name.

As of the Latest Practicable Date, we held 88 software copyrights and 52 work copyrights registered with the State Copyright Bureau of China, 44 trademarks in various categories and registered with the China Trademark Office, and 41 patents relating to various aspects of our operations registered with the CNIPA.

We did not have any material disputes or any other material pending legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

For details of our material intellectual property rights, see “Appendix IV—Statutory and General Information—B. Further Information about Our Business—2. Our Material Intellectual Property Rights.”

EMPLOYEES

As of December 31, 2023, we had 404 full-time employees, all located in China. The following table sets forth the number of our employees by function as of December 31, 2023.

Function	As of December 31, 2023	
	Number of Employees	% of Total
Management	7	1.7%
Administration	21	5.2%
Research and Development	210	52.0%
Product Development	46	11.4%
Operations	104	25.7%
Sales and Marketing	16	4.0%
Total	404	100.0%

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. We have adopted a training protocol, pursuant to which we provide pre-employment and regular continuing management and technical training to our employees.

BUSINESS

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans. We are required under PRC laws to make contributions to employee benefit plans at specified percentages of the salaries. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business.

We believe that we maintain a good working relationship with our employees and we had not experienced any material labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by Chinese laws and regulations and in accordance with the commercial practices in our industry. In addition, absent any mandatory legal requirement to do so, we have purchased insurance policies in relation to our carpooling services from Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), covering both private car owners and riders for personal injury caused by car accidents. The total amount of insurance premium we paid was RMB19.2 million, RMB17.4 million and RMB27.8 million in 2021, 2022 and 2023, respectively. Under our insurance policies, the insured cap of insurance coverage for carpooling rides is RMB0.3 million per person for intra-city trips and RMB0.6 million per person for inter-city trips. Our Directors are of the view that our insurance coverage is sufficient, as according to the F&S Report, it is comparable to the general market practice and consistent with other major players. During the Track Record Period and up to the Latest Practicable Date, we barely incurred out-of-pocket expenses for insurance claims initiated by our users. Our insurance policies cover various kinds of losses and fees arising from car accidents, including death, disability, medical expenses and lost wages, which is in line with the general market practice in China, according to the F&S Report. Private car owners are also required by relevant PRC laws and our carpoolers' convention to purchase compulsory motor vehicle traffic accident insurance (機動車交通事故強制保險) for their vehicles before they can provide carpooling rides on our platform, which covers both personal injury and property damage incurred by third-party victims of car accidents, rather than private car owners and riders. As such, our insurance policies serve as a supplement to provide more comprehensive protection for the entire carpooling trip. Some of our users may nonetheless choose to involve us in litigations in connection with car accidents that took place during carpooling rides we facilitated, to the extent they find the insured amount determined by the insurance company is insufficient or they have disputes with the insurance company. See “—Litigation” for details.

During the Track Record Period, we had 1,692 concluded insurance claims in relation to bodily injury of our users resulting from car accidents for an aggregate claim amount of approximately RMB56.9 million, which was fully covered by our insurance policy. During the Track Record Period, we were not subject to increased insurance premiums or deductibles as a result of our insurance claims. In line with general market practice, we do not maintain any insurance in relation to property damage incurred by private car owners, nor do we maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman

BUSINESS

life insurance, insurance policies covering damages to our technical infrastructure or any insurance policies for our properties. We also do not maintain insurance policies against risks relating to the Contractual Arrangements. During the Track Record Period, we did not make any material insurance claims in relation to our business. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. See “Risk Factors—Risks Relating to Our Business and Industry—Our limited insurance coverage could expose us to significant costs and business disruption.” As advised by our PRC legal advisors, we have complied with applicable PRC laws and regulations on insurance in all material respects.

REAL PROPERTIES

Our headquarters is located in Beijing, China. We do not own any real properties. As of the Latest Practicable Date, we operated our business through 14 leased properties in Beijing, Shanghai, Changsha, Xi’an, Hangzhou, Jinan, Guangzhou, Zhengzhou, Tianjin and Shenzhen. Our leased properties in China serve primarily as our offices. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are principally used as office premises for our business operations. We believe that there is sufficient supply of properties in China. Furthermore, even if we experience temporary interruption to our usage of any of our leased office space, we believe that our employees can continue to perform the material aspects of their duties remotely given that our offices do not carry out any production, manufacturing or physical retail activities; and our offices in other locations can adequately support the functioning of our business operations in areas where we experience temporary office space interruptions through our technology infrastructure. Therefore, we do not rely on the existing leases for our business operations, and we do not believe a contingency relocation plan is required.

As of Latest Practicable Date, our leased properties had a total floor area of approximately 3,512 square meters, with each leased property ranging from a floor area of approximately five square meters to 1,037 square meters. As of the date of this prospectus, our lease agreements have lease expiration dates ranging from June 18, 2024 to April 19, 2027.

As of December 31, 2023, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group’s interests in land or buildings.

Title Defects

As of the Latest Practicable Date, eight of our leased properties had title defects as certain lessors failed to provide property ownership certificates or other relevant certificates regarding their legal right to lease such properties, which may adversely affect our ability to continue to use them in the future. The relevant lease agreements may be deemed invalid or we may face challenges from the property owners or other third parties regarding our right to occupy the premises. Furthermore, if the landlords fail to perform its obligations under the lease agreements between the landlords and us due to any reason, including but not limited to its own non-compliance with relevant laws and regulations, government demolition or any other unforeseeable events, we may be unable to continue using such properties. As of the date of this prospectus, we are not aware of any challenges being made by a third party or government authority on the titles of any of these leased properties that might affect our current occupation.

According to relevant laws and regulations and as confirmed by our PRC legal advisors, there are no rules or regulations requiring the lessee to obtain the ownership certificate or imposing regulatory punishment on the lessee for not doing so. Accordingly, our PRC legal advisors are of the view that we are not subject to any material administrative penalty for any of the title defects in the leased properties.

Moreover, according to relevant PRC laws and regulations, the lessee has the right to claim compensation if the lease agreement is invalid due to the lessor's fault. If our ability to continue leasing such properties is affected by a third-party objection, we may seek indemnity from the lessor in accordance with relevant PRC laws and regulations.

We believe there is a sufficient reservoir of comparable alternative properties in proximity, and therefore do not expect to incur significant time and cost for identifying alternatives and relocating our operations in the less likely event that we were required to do so.

Non-registration

As of the Latest Practicable Date, 14 lease agreements of our leased properties had not been registered and filed with relevant land and real estate management departments in China. Under the relevant PRC laws and regulations, the parties to a lease agreement have the obligation to register and file the executed lease agreement. As advised by our PRC legal advisors, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. As of the date of this prospectus, we have not received any order from the relevant government authorities requiring us to register these lease agreements, nor have we been subject to any administrative penalties by the relevant government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities.

BUSINESS

LICENSES, PERMITS AND APPROVALS

As confirmed by our PRC legal advisors, during the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates necessary to conduct our operations in all material respects from the relevant government authorities in the PRC, and such licenses, permits, approvals and certificates remained in full effect.

The following table sets out the details of the material license currently held by us:

<u>License</u>	<u>Holder</u>	<u>Granting authority</u>	<u>Grant date</u>	<u>Expiry date</u>
Value-added Telecommunications Business Operating License for Internet Information (ICP) Services (增值電信業務經營許可證信息服務業務(ICP許可證))	Beijing Changxing	Beijing Communications Administration (北京市通信管理局)	March 25, 2020	March 25, 2025
Value-added Telecommunications Business Operating License for Internet Data Center (IDC) Services (增值電信業務經營許可證互聯網數據中心業務(IDC許可證)) (the “IDC License”) ⁽¹⁾ .	Beijing Changxing	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)	March 19, 2021	March 19, 2026
Grade B Surveying and Mapping Qualification Certificate for Internet Map Services (乙級測繪資質證書(互聯網地圖服務))	Beijing Changxing	Beijing Municipal Commission of Planning and Natural Resources (北京市規劃和自然資源委員會)	May 18, 2022	May 17, 2027

(1) Beijing Changxing applied for and was granted the IDC License in March 2021 for the proposed business which would allow users to deploy certain cloud-based toolkits embedded in our mobile app locally and customize their own function models. As advised by our PRC legal advisors, we complied with the relevant laws and regulations in relation to the IDC License throughout the Track Record Period in all material respects.

BUSINESS

AWARDS AND RECOGNITION

During the Track Record Period and up to the Latest Practicable Date, we received numerous awards and recognitions in connection with our business. Some of the significant awards and recognitions we received are set forth below.

<u>Award year</u>	<u>Award/Recognition</u>	<u>Awarding organization</u>	<u>Awarded brand/entity</u>
2021	Science and Technology Innovation Outstanding Case Award (科技創新優秀案例獎)	Global Time (環球時報) and Huanqiu.com (環球網)	Dida Chuxing
2021	Best Mobility Service Provider (2021年度最佳出行服務商)	T-EDGE Conference and Awards	Dida Chuxing
2022	2021 Shaanxi Province Internet Public Welfare Project—Internet Public Welfare Model Case (2021陝西省網絡公益工程網絡公益範例)	Shaanxi Provincial Cyberspace Administration Office (陝西省委網信辦)	Dida Chuxing
2022	China Future— Outstanding ESG Innovation Award (KPMG ESG最佳創新獎)	KPMG	Dida Chuxing
2023	Urban Development Contribution Award (城市發展貢獻獎)	Guangzhou Daily (廣州日報)	Dida Chuxing
2023	ESG Development Excellence Case of the Year (年度ESG發展優秀案例)	Huangqiu.com (環球網)	Dida Chuxing
2024	2023 Shaanxi Province Network Public Welfare Project Typical Case (2023陝西省網絡公益工程典型案例)	Cyberspace Administration of Shaanxi Province (陝西省網信辦)	Dida Chuxing

REGULATIONS ON CARPOOLING SERVICES AND ADMINISTRATIVE PENALTIES**Regulatory Regime and Municipal Implementation Rules**

We operate a carpooling marketplace which connects private car owners with riders with similar travel itineraries, where both parties share the travel cost. On July 26, 2016, the General Office of the State Council promulgated the Guidelines on Deepening Reform and Promoting the Healthy Development of the Taxi Industry (國務院辦公廳關於深化改革推進出租汽車行業健康發展的指導意見) (the “National Guidelines”), which acknowledges that carpooling has mutual benefits to the participants and distinguishes it from online ride-hailing. Laws and regulations governing ride-hailing services do not apply to carpooling services. The Interim Measures for the Management of Online Ride-Hailing Operation and Service (網絡預約出租汽車經營服務管理暫行辦法) (the “Interim Measures”) explicitly provide that carpooling is not subject to the licensing regime for ride-hailing. Furthermore, both the National Guidelines and the Interim Measures stipulate that municipal transportation authorities are the responsible and competent authorities to formulate regulations for carpooling services and regulate the platforms providing carpooling marketplace services in relevant cities.

As such, from December 2022 to February 2023, with the participation of Joint Sponsors, our PRC legal advisors and the PRC legal advisors to the Joint Sponsors, we conducted on-site consultations (the “Consultations”) with the representatives of municipal transportation authorities in respect of the regulatory compliance of our business and local regulations relating to carpooling marketplace services in a total of 46 cities (each a “Major City” and collectively, “Major Cities”), including (1) substantially all the cities that each contributed over 0.5% (including all the cities that each contributed over 1.0%) of the total GTV of our carpooling marketplace services in at least one reporting period from 2020 and throughout the Track Record Period, and (2) all the cities where we received administrative penalties in 2020 and 2021. The Consultations covered the localities where we generated an aggregate of 87.2%, 86.1%, 84.3% and 83.4% of the total GTV of our carpooling marketplace services in 2020, 2021, 2022 and 2023, respectively. Furthermore, from February 2024 to March 2024, with the assistance of our PRC legal advisors and the participation of the Joint Sponsors and their PRC legal advisors, we conducted the Supplementary Consultations with the representatives of municipal transportation authorities in respect of the regulatory compliance of our business and local regulations relating to carpooling marketplace services in a total of 14 Major Cities, which contributed an aggregate of 54.5% of the total GTV of our carpooling marketplace services in 2023. The 14 Major Cities include (1) the top 10 GTV contributing cities of our carpooling marketplace services in 2023, where we generated an aggregate of 50.2% of the total GTV of our carpooling marketplace services for that year, and (2) five cities where the local implementation rules had been revised, consisting of (i) two cities, namely Wuxi and Yantai, where the rules were revised substantively, and (ii) three cities, namely Jinan (where the rules have lapsed pending new implementation as of the date of this prospectus), as well as Zhuhai and Hangzhou (where the rules only have textual modifications with no substantive change in the requirements), while Hangzhou was also one of our top 10 GTV contributing cities in 2023 as counted above. The representatives of the municipal transportation authorities during the Supplementary Consultations reaffirmed the confirmations we obtained during the Consultations from December 2022 to February 2023.

BUSINESS

Moreover, with the assistance of our PRC legal advisors and the participation of the Joint Sponsors and their PRC legal advisors, on February 6, 2023, we conducted a telephonic consultation with the MOT through the number publicly referenced on its official website and obtained affirmative confirmation of the above-mentioned conclusion that municipal transportation authorities are the relevant competent authorities to formulate regulations for carpooling services and regulate the platforms providing carpooling marketplace services in the respective cities. Furthermore, on February 21, 2024, with the assistance of our PRC legal advisors and the participation of the Joint Sponsors and their PRC legal advisors, we conducted a further telephonic consultation with the MOT in the same manner as the previous one, which reaffirmed the above-mentioned conclusion.

Our PRC legal advisors have confirmed that these municipal transportation authorities are the competent authorities governing our business operations in the relevant cities, and the relevant interviewees of the Consultations and the Supplementary Consultations have the competent authority to represent the respective municipal transportation authorities to provide consultations and confirmations. Furthermore, our PRC legal advisors and the Joint Sponsors' PRC legal advisors are of the view that the municipal transportation authorities are the competent authorities to give the relevant assurances during the Consultations and the Supplementary Consultations, on the basis that (1) the Interim Measures stipulates that carpooling services shall be subject to rules promulgated by the municipal authorities; (2) the MOT has confirmed (i) that each municipal city can promulgate specific local implementation rules based on local practices and in accordance with the Interim Measures, and (ii) that entities engaging in carpooling services shall consult with municipal authorities in cities where it operates; (3) pursuant to the anonymous telephonic consultations conducted by our PRC legal advisors with competent higher-level authorities of the municipal authorities (including the MOT and the provincial level transportation authorities), the administration of carpooling services is within the responsibilities of municipal authorities, and entities engaging in carpooling services shall consult with municipal authorities for any inquiry regarding the regulation, implementation and explanation of relevant rules with respect to carpooling services; and (4) during the Consultations and the Supplementary Consultations, all the municipal transportation authorities confirmed that they are the competent authorities to give the regulatory assurances and their ruling or administration on carpooling services had not been challenged by higher-level authorities (including the MOT and respective provincial level transportation authorities). Our PRC legal advisors have also obtained confirmations from the transportation authorities at the provincial level of all 31 provincial administrative units where we operate, through anonymous telephonic consultations by the number publicly referenced on the official websites of such provincial transportation authority, or by posting anonymous inquiries on the interactive bulletin board of the official website of relevant provincial transportation authority, which were conducted from November 2022 to February 2023, that municipal transportation authorities are the relevant competent authorities to formulate regulations for carpooling services and regulate the platforms providing carpooling marketplace services. Furthermore, in June 2023 and February 2024, respectively, our PRC legal advisors, together with the Joint Sponsors' PRC legal advisors, conducted further anonymous telephone consultations with the transportation authorities across all provincial administrative units previously consulted who reaffirmed their earlier confirmations that the municipal authorities are the responsible and competent authorities. As advised by our PRC legal advisors, a higher-level transportation authority theoretically has the right to revise the ruling by its subordinate authority; however, the MOT has confirmed, and all provincial transportation authorities

BUSINESS

have concurred, that municipal transportation authorities are the relevant competent authorities to formulate regulations for carpooling services and regulate platforms providing carpooling marketplace services in their respective cities. Moreover, none of the provincial transportation authorities or the municipal authorities of the 46 Major Cities have reported any instances of such revision by higher-level authorities. Our PRC legal advisors and the Joint Sponsor's PRC legal advisors are of the view that the officers consulted or responded to the inquiries have the appropriate authority to give such confirmations since they were consulted through the telephone numbers or interactive bulletin board publicly referenced on the official website of the respective provincial authorities, which is designated by the relevant authority to respond to the general public's inquiries.

As advised by our PRC legal advisors, according to the National Guidelines, carpooling shall have the following major features: (1) a carpooling trip is premised on the private car owner's own travel needs, which are published in advance, (2) carpooling is a pre-arranged mobility mode between private car owners and potential riders with similar travel itineraries, and (3) the private car owner provides a carpooling ride to share travel costs or even as free mutual assistance, rather than for for-profit purpose. As such, during the Consultations with the representatives of the municipal transportation authorities in the Major Cities, we communicated with the representatives the nature of our business as a carpooling marketplace service provider and the operational mechanism of our carpooling marketplace platform (including our current and/or historical internal rules on the carpooling ride fare and the daily limit on the number of carpooling rides), as well as our historical administrative penalties (if applicable). Having understood the substance of our business operations during the Consultations, all the municipal transportation authorities in the Major Cities confirmed that, given that the overall operational mechanism of our carpooling marketplace platform remains in accordance with the national principles, (1) we are not required to obtain any license requisite to ride-hailing for the operation of our carpooling marketplace under the current regulatory regime and do not contravene PRC laws and regulations applicable to the respective municipalities in any material respects; (2) we have not had any material non-compliance issues in the respective municipalities; and (3) historical administrative penalties or discrepancies with certain local requirements in any particular respect, where applicable, do not constitute material non-compliance, or jeopardize the nature of our business as a carpooling marketplace service provider, or subject us to the licensing requirement applicable to ride-hailing service providers. Furthermore, during the Supplementary Consultations, the representatives of municipal transportation authorities reaffirmed the above-mentioned conclusions.

Based on the foregoing, as advised by our PRC legal advisors, (1) we legally operate our business as a carpooling marketplace operator without being subject to the licensing requirement for ride-hailing service providers, and (2) we have complied with the PRC laws, regulations and municipal rules in all material respects, evidenced by (i) the regulatory assurance from competent authorities of the Major Cities; (ii) the fact that we did not receive any administrative penalty or were required to rectify our business practice due to any matters relating to the specific requirements as of the date of this prospectus; (iii) the fact that we are not aware of any city where the local regulators require carpooling marketplace operators to obtain a license to operate carpooling business; and (iv) the fact that since the latest one received in Kunming in November 2021 and up to the date of this prospectus, we have not received additional administrative penalties in any cities.

BUSINESS

In the meanwhile, we are continuously and closely monitoring the development of the regulatory environment and implementation rules in the cities where we operate and regularly update our system accordingly to comply with the applicable rules and regulations. We have designated a team of legal and compliance officers to regularly review the websites maintained by the relevant local authorities and communicate from time to time with their representatives to keep abreast of the latest regulatory updates. We also organize internal training sessions on compliance matters to our employees. See “Risk Factors—Risks Relating to Our Business and Industry—We face challenges associated with regulations in the carpooling market. Non-compliance with or changes to the regulations or licensing regimes may materially and adversely affect our business, results of operations and financial condition.”

Historical Administrative Penalties and Discrepancies

As an emerging mobility mode in China, the carpooling market is still at a nascent stage and is rapidly evolving. The application, interpretation and implementation of municipal rules and regulations are developing toward greater clarity and consistency. As such, we were occasionally subject to administrative penalties imposed by certain municipal transportation authorities, purportedly citing the lack of the relevant license based on the licensing regime that applies to online ride-hailing services because (1) the enforcement personnel may have confused carpooling with online ride-hailing as it is a relatively new mobility mode and, as a result, misunderstood the nature of our business as a carpooling marketplace service provider, and (2) as discussed below, there is a lack of other rules that authorize the enforcement personnel to impose administrative penalties for reasons unrelated to the nature of our business as a carpooling marketplace service provider.

We have not received any administrative penalties since the latest one received in Kunming in November 2021 and up to the date of this prospectus. During 2020 and the remainder of the Track Record Period, there were 57 accumulative instances of administrative penalties in relation to our carpooling marketplace, which ranged from RMB5,000 to RMB30,000 each and totaled approximately RMB1.6 million. Specifically, in 2020, we received 56 instances of administrative penalties, comprising 47 in Hefei, six in Beijing, one in Guangzhou, one in Chongqing and one in Meishan, all such cities contributing a total GTV of RMB1.4 billion and accounting for 16.8% of the total GTV generated from our carpooling marketplace in 2020. In 2021, we received one instance of administrative penalty in Kunming, which contributed a GTV of RMB44.7 million and accounted for 0.6% of the total GTV generated from our carpooling marketplace in 2021. The following table sets forth the details of these administrative penalties, including the time, the actual causes, and the latest status.

BUSINESS

Time of the administrative penalties	City	Number of administrative penalties	Actual causes	Latest status
January, February, May, July, August and September 2020	Hefei	47	The enforcement personnel had confused carpooling with online ride-hailing as it is a relatively new mobility mode and, as a result, misunderstood the nature of our business as a carpooling marketplace service provider.	<ul style="list-style-type: none"> • 36 cases were revoked on November 30, 2020; and • 11 cases (with an aggregate penalty amount of RMB0.3 million) have not been revoked, because as confirmed by our PRC legal advisors, it is not practicable to request the revocation following the expiration of the relevant statute of limitations pursuant to applicable PRC laws.⁽¹⁾
February and April 2020	Beijing	six	(1) For five instances of administrative penalties, we failed to timely suspend the inter-city carpooling in Beijing area, which was required by the relevant regulatory authority regarding COVID-19.	<p>For the 10 instances of administrative penalties in Beijing, Guangzhou, Meishan, Chongqing and Kunming, we did not make a petition to revoke each of such administrative penalties for the following reasons:</p> <p>(1) the magnitude and the number of administrative penalties we received are small relative to the number of rides we facilitated in such cities;</p>

(1) We had 60 days to apply for an administrative review or six months to bring an administrative lawsuit within the receipt of the decisions on administrative penalties. Such status of limitations had expired after we thoroughly communicated with the relevant municipal transportation authority and clarified the nature of our business as a carpooling marketplace service provider.

BUSINESS

Time of the administrative penalties	City	Number of administrative penalties	Actual causes	Latest status
April 2020	Guangzhou	one	<p>(2) For the remaining one, the private car owner was in violation of the epidemic prevention policy regarding COVID-19 by providing a carpooling trip through our platform. The regulatory authority also imposed an administrative penalty on us, although we did not engage in any wrongdoing. The administrative penalty decision cited the lack of a license based on the licensing regime that applies to online ride-hailing services and was not applicable to our business, as there is a lack of other rules that authorize the enforcement personnel to impose administrative penalties for the actual causes as discussed above. We believe that the actions of the regulatory authority reflected the general policy of strict enforcement of COVID-19 prevention measures.</p> <p>The private car owner was involved in a public security dispute (治安糾紛) between the private car owner and the rider, which was unrelated to our platform. The rider was injured during the physical confrontation with the private car owner. Taking into consideration the potential social impact, the local authority later imposed an administrative penalty on us in response to the rider's complaints.</p>	<p>(2) the penalty amount per instance ranged from RMB5,000 to RMB30,000, which is insignificant compared to our business scale; and</p> <p>(3) the administrative penalties were imposed sporadically.</p>

BUSINESS

Time of the administrative penalties	City	Number of administrative penalties	Actual causes	Latest status
April 2020	Meishan	one	The enforcement personnel intended to impose the administrative penalty on the private car owner, but mistakenly named our platform. The private car owner paid the fine without notifying us. As such, we did not have the opportunity to plead and defend ourselves. Considering that (i) it is an individual incident, and (ii) we were not made aware of the administrative penalty until some time later, we decided not to pursue further proceedings.	
September 2020	Chongqing	one	The private car owner requested offline payment from the rider. During a period of stringent law enforcement, the local regulator penalized us together with the private car owner engaged in wrongdoing, even though we as a carpooling marketplace service platform did not conduct any non-compliant activities.	
November 2021	Kunming	one	The enforcement personnel had confused carpooling with online ride-hailing as it is a relatively new mobility mode and, as a result, misunderstood the nature of our business as a carpooling marketplace service provider.	

In particular, after we received multiple administrative penalties in Hefei city, we proactively communicated with the relevant municipal transportation authority starting from August 2020. After multiple thorough communications, we clarified with the municipal transportation authority on the nature of our business as a carpooling marketplace service provider. During the communications, it was confirmed that the previous administrative penalties were imposed primarily because the enforcement personnel had confused carpooling with online ride-hailing as it is a relatively new mobility mode and, as a result, misunderstood the nature of our business as a carpooling marketplace service provider. We further obtained confirmations from the municipal transportation authority of Hefei on December 30, 2022 (1) that we are not required to obtain the relevant licenses or permits pursuant to the Interim Measures to operate our carpooling marketplace, (2) that our operation of the carpooling marketplace complies with the relevant local implementation rules in all material respects, and (3) that we would not be subject to further administrative penalties imposed by the municipal transportation authority in Hefei as long as our operation of carpooling marketplace business continues to comply with the relevant local implementation rules.

BUSINESS

Notwithstanding the actual causes of these administrative penalties, all the decisions on penalties cited the lack of the relevant license based on the licensing regime that applies to online ride-hailing services, as there is a lack of other rules that authorize the enforcement personnel to impose administrative penalties for reasons unrelated to the nature of our business as a carpooling marketplace service provider, and the administrative penalty decision shall specify the basis of the administrative penalty according to the relevant PRC laws. The national regulations governing the operation of carpooling business primarily include (1) the National Guidelines, which acknowledges that carpooling has mutual benefits to the participants and distinguishes it from online ride-hailing, and (2) the Interim Measures, which explicitly provide that carpooling services (i.e., private car sharing/ride sharing) shall be subject to rules promulgated by the municipal authorities. Although laws and regulations governing ride-hailing services do not apply to carpooling services, there is currently no nationwide laws and regulations that explicitly provide what specific penalties or other legal liabilities should be imposed for violations of the rules promulgated by the municipal authorities. At the municipal level, in the cities where we received administrative penalties, the municipal authorities either did not promulgate regulations or rules governing carpooling services, or only promulgated such regulations without detailed provisions on administrative penalties. During the Consultations, all of the consulted municipal transportation authorities in the cities where we received administrative penalties have confirmed that, since there were no specified laws and regulations applicable for governing carpooling services or providing detailed rules on administrative penalties at the national level and the municipal level, under the current regulatory framework, the relevant authorities could only impose administrative penalties by citing the lack of the relevant license based on the licensing regime that applies to online ride-hailing services, even though the cause of penalty is unrelated to the nature of our business as a carpooling marketplace service provider. Furthermore, it was confirmed during the Consultations by all of the consulted municipal transportation authorities in the cities where we received administrative penalties that although the administrative penalties imposed on us in 2020 and 2021 cited the provisions relating to the lack of the relevant license for online ride-hailing services, our business should not be identified as online ride-hailing services and should not be deemed subject to the licensing regime of online ride-hailing services merely based on such sporadic administrative penalties.

As of the date of this prospectus, we have fully tendered the payment under the remaining 21 instances of administrative penalties that have not been subsequently revoked, totaling approximately RMB0.55 million, without any late payment fees. Our Directors confirmed that the payment of the monetary penalties had not materially and adversely affected our business, results of operations and financial condition. As confirmed during the Consultations, the unrevoked instances of administrative penalties do not indicate that we are required to obtain a license that applies to online ride-hailing platforms, because the fact that we had previously received administrative penalties does not jeopardize the nature of our business as a carpooling marketplace service provider or subject us to the licensing requirement applicable to ride-hailing service providers. As such, we did not seek further redress through legal proceedings with respect to the unrevoked instances of administrative penalties.

As of the date of this prospectus, none of the municipal transportation authorities that have previously imposed penalties on us has required us to obtain the relevant licenses or permits pursuant to the Interim Measures. Furthermore, through the Consultations, which include all the municipal transportation authorities that imposed administrative penalties on us, we have obtained regulatory assurance that they would not require us to obtain licenses or permits required for online ride-hailing services pursuant to the Interim Measures, despite of the historical administrative penalties imposed on us. See “—Regulatory Regime and Municipal Implementation Rules” for details.

BUSINESS

Based on the Consultations and the foregoing, our PRC legal advisors are of the views (1) that as a carpooling marketplace operator, we are not subject to the licensing requirement applicable to online ride-hailing service providers, (2) that the abovementioned incidents, individually or in the aggregate, would not constitute material administrative penalties that may result in any material financial loss or cause any rectification or suspension of our operations and would not have a material and adverse effect on our business, results of operations or financial condition, and (3) that such administrative penalties would not affect the nature of our business as a carpooling marketplace service provider or subject us to the licensing requirement applicable to ride hailing service providers. Considering the amount and nature of the administrative penalties and the views of our PRC legal advisors, our Directors are of the view that these administrative penalties did not have a material adverse effect on our business, results of operations or financial condition.

In addition, historically, there were discrepancies between our policies for the daily limit on carpooling trips/rides and specific implementation rules in individual Major Cities, including (1) 10 cities in 2020, which contributed RMB3.3 billion, or 40.7%, of the total carpooling GTV, (2) nine cities in 2021, which contributed RMB2.9 billion, or 37.1%, of the total carpooling GTV, (3) nine cities in 2022, which contributed RMB1.9 billion, or 31.4%, of the total carpooling GTV, and (4) four cities in the four months ended April 30, 2023 (prior to our platform upgrade when we achieved full compliance with such rules), which contributed RMB0.6 billion, or 20.1%, of the total carpooling GTV in the corresponding period. The daily limits are not always well defined in local implementation rules. For example, the local implementation rules in some cities do not distinguish between (1) the total number of carpooling orders a private car owner may take each day and (2) the total number of carpooling trips a private car owner may provide each day; instead, the terms are interchangeably used in the rules. In addition, some cities ambiguously use the phrase “total times of carpooling services” in their local implementation rules without specifying whether “times” should be calculated based on “orders” or “trips.”

In the past, we implemented a daily limit based on the total number of carpooling orders a private car owner may take each day because of such ambiguity. At that time, due to the inconclusiveness and sophistication of each city’s evolving implementation rules, combined with the limited scale and sophistication of our platform, it was a technical challenge for us to design and deploy a function to set the daily limit based on variable parameters (such as carpooling orders and trips) tailored to each city. We needed more time and technical resources to fully upgrade our platform along with the evolving implementation rules in each city where we operated and our growing familiarity with these rules. We believe that the approach of imposing a daily limit based on the total number of carpooling orders a private car owner may take each day would generally fulfill the daily limit requirements in most cities, regardless of whether the intended daily limit is based on the number of carpooling rides or trips. For example, if a city sets the daily limit on the number of times/trips of carpooling services at “two times” and at the same time requires that no more than two orders could be matched in one trip, we would still generally comply with that city’s requirements if the total number of orders per day on our platform is set at four. Thus, we did not seek further clarification from all the cities. We have communicated with the representatives of the relevant municipal transportation authorities regarding these historical discrepancies during the Consultations. See “—Regulatory Regime and Municipal Implementation Rules” for details. We had not been subject to any administrative penalties arising from such discrepancies relating to the daily limit on carpooling trips/rides prior to the upgrade of our platform in April 2023.

BUSINESS

We have upgraded our platform to set the daily limit in compliance with the specific implementation rules, where applicable, based on the textual understanding of the relevant implementation rules and the regulatory assurance obtained from the local municipal regulators. The following table sets forth the specific requirements imposed by each category of Major Cities with respect to the daily limit on the number of carpooling trips and the number of orders that can be matched in one trip, as well as how we have complied with them.

<u>Category of Major Cities</u>	<u>Major Cities</u>	<u>Daily limit set on our platform</u>
Major Cities that set the daily limit on the number of times of carpooling trips at “two times.”	Six (Shanghai, Beijing, Tianjin, Harbin, Zhuhai and Jiaxing) (Zhuhai further requires that no more than two orders can be matched in one trip)	We generally set the daily limit on the number of carpooling trips at no more than two times and no more than three orders can be matched in one trip in such cities, <ul style="list-style-type: none"> • except in Zhuhai where we further require that no more than two orders can be matched in one trip according to the specific implementation rule in such city.
Major Cities that set the daily limit on the number of times of carpooling trips at “three times.”	Four (Shenzhen, Guangzhou, Dongguan and Maoming) (Guangzhou and Maoming further require that no more than two orders can be matched in one trip)	We generally set the daily limit on the number of carpooling trips at no more than three times and no more than three orders can be matched in one trip in such cities, <ul style="list-style-type: none"> • except in Guangzhou and Maoming where we further require that no more than two orders can be matched in one trip according to the specific implementation rules in such cities.
Major Cities that set the daily limit on the number of times of carpooling trips at “four times.”	Seven (Shenyang, Xiamen, Hefei, Yantai, Ningbo, Jinhua and Wuxi)	We generally set the daily limit on the number of carpooling trips at no more than four times and no more than three orders can be matched in one trip in such cities.
Major Cities that do not quantify such daily limit on number of carpooling trips and the number of orders that can be matched in one trip.	Two (Hangzhou and Dalian)	We generally set the daily limit on the number of carpooling trips at “four times” and require that no more than three orders can be matched in one trip in such cities.
Major Cities that are silent with respect to the daily limit on number of carpooling trips and the number of orders that can be matched in one trip.	27	We generally set the daily limit on the number of carpooling trips at “four times” and require that no more than three orders can be matched in one trip in such cities.

BUSINESS

We may also adjust the daily limit on the number of carpooling trips and/or orders based on the local enforcement practice in each city in accordance with the specific implementation rules from time to time. As advised by our PRC legal advisors, we have achieved full compliance with such specific implementation rules since April 2023 in the 46 Major Cities based on the following reasons: (1) as evident from the table above, (i) we have complied with the specific, quantifiable requirements in 17 Major Cities, (ii) we have complied with the implementation rules of the two Major Cities that only mandate a limitation on the daily number of carpooling trips, without specifying any exact number, and (iii) for the remaining 27 Major Cities that have no requirements on the subject, we have complied with the MOT's principle guidance that carpooling marketplace platforms shall impose daily limits on the number of carpooling trips; (2) we obtained confirmations from the 46 Major Cities during the Consultations and reaffirmed those confirmations during the Supplementary Consultations, the details of which are set forth above; (3) we have not been subject to any administrative penalties in relation to our carpooling marketplace services since the one received in Kunming in November 2021 and up to the date of this prospectus; and (4) since the upgrade of our platform in April 2023 and up to the date of this prospectus, we have not been subject to any administrative penalties arising from the discrepancies between our policies and the implementation rules, nor have we been requested by any transportation authorities to adjust our current practices as of the date of this prospectus.

As for the ride fare, although it appears that the requirements in respect of sharing of travel costs vary from cities to cities, as elaborated below in more detail, we have complied in all material respects with the specific local implementation rules and practices in all cities in which we had operations during the Track Record Period and up to the date of this prospectus, primarily because (1) while most local regulators either do not offer quantifiable or actionable guidance on the computation of ride fares or do not provide any specific cost sharing requirement at all, we follow the quantifiable fee standard stipulated by the remaining local regulators by generally setting the ride fare at half the price of local taxi rides, as we believe that such standard is an actionable measure reflecting such local regulators' interpretation of the principles laid out in the National Guidelines; see also "Regulations—Regulations on Carpooling Services" for the details of the local implemental rules of the Major Cities; (2) during the Consultations, we have communicated with the representatives our current internal rules on the carpooling ride fare, which generally set the ride fare of carpooling rides at half the price of local taxi rides, and obtained confirmations that (i) our pricing approach complies with local implemental rules or practices; and/or (ii) we do not contravene PRC laws and regulations applicable to the respective municipalities in any material respects; in addition, we have not received any administrative penalty in relation to the requirements in respect of sharing of travel costs, which was reaffirmed by municipal transportation authorities during the Supplementary Consultations; and (3) as advised by Frost & Sullivan, all other major market players in the carpooling market have adopted a similar pricing approach, and none of them have been imposed with administrative penalties in relation to such pricing approach; this demonstrates the fact that generally setting the carpooling ride fare at half the price of local taxi rides is an established industry practice that has not been challenged by local regulators.

BUSINESS

There is also a perceived discrepancy between our policies and specific implementation rules in Beijing and Harbin regarding the requirement of uploading riders' national IDs. However, our policy requires each rider to register with our platform with a mobile phone number that is authenticated in real name, and as a result, we can procure a specific rider's ID if (and only if) the circumstances warrant. Having consulted our PRC legal advisors, we believe that the requirement on uploading riders' national IDs may be deemed as an excessive collection of personal privacy under the new privacy and personal information protection regulatory regime. We have conducted on-site consultations with the relevant transportation authorities in Beijing on January 4, 2023 and Harbin on January 30, 2023, where both authorities have confirmed our compliance status in general, and no administrative penalties or actions have been taken against us in this regard. As advised by our PRC legal advisors, both authorities were the competent authorities, and the officers interviewed were competent to represent their respective authorities, on the basis that (1) in preparation for the on-site consultations in Beijing and Harbin, our PRC legal advisors have conducted public research on the authority of the internal divisions of each municipal transportation bureau and consulted the municipal transportation bureaus to confirm that the respective internal division that we would interview is competent for the subject matter of the on-site consultations; (2) the officers who attended the on-site consultations in Beijing and Harbin were either first-in-command or second-in-command of the respective bureau or internal division; and (3) during the on-site consultations, both the municipal transportation authorities in Beijing and Harbin confirmed that they are the competent authorities to give the regulatory assurances, and both the officers who attended the on-site consultations confirmed that they are competent to represent their respective agencies, give regulatory assurances and enforceable rulings, and administer carpooling services in the relevant regions.

In response to such discrepancies, our PRC legal advisors have (1) conducted sample inspections on our transactions and examined certain parameters against specific implementation rules and practices, (2) retrieved certain data and files from our system during the sample inspections to verify the compliance status of our transactions, (3) interviewed our relevant management and staff responsible for compliance with implementation rules, and (4) reviewed our internal policies for compliance with implementation rules in place. Based on the foregoing, as well as the Consultations and the Supplementary Consultations discussed above and our confirmations, our PRC legal advisors are of the view that (1) notwithstanding our historical non-compliances, we have complied in all material respects with the implementation rules and practices for platforms engaged in carpooling marketplace services promulgated by municipal regulators in all cities in which we had operations during Track Record Period, including the relevant requirements on sharing of travel costs, on the basis that (i) during the Consultations in all the Major Cities discussed above, we obtained regulatory assurance that we have not had any material non-compliance issues in the respective municipalities, and have obtained regulatory assurance from cities where we received administrative penalties (there being only 57 accumulative instances of administrative penalties in relation to our carpooling marketplace services) that historical administrative penalties or discrepancies with certain local requirements in any particular respect, where applicable, do not constitute material non-compliance or jeopardize the nature of our business as a carpooling marketplace service provider, which was reaffirmed by municipal transportation authorities during the Supplementary Consultations; and (ii) we have not received any administrative penalty in relation to the carpooling marketplace services since the latest one received in Kunming in November 2021 and up to the date of this prospectus; (2)

BUSINESS

apart from the perceived discrepancy regarding the requirement of uploading riders' national IDs, we have rectified all the historical discrepancies with the local implementation rules and practices in all the Major Cities, and fully complied with the implementation rules and practices for carpooling marketplace services in such cities as of the date of this prospectus; and (3) with respect to the remaining 320 cities in which we had operations during the Track Record Period, we have not been found to have any material non-compliance with local implementation rules and practices in respect of carpooling marketplace services as of the date of the Prospectus.

LITIGATION

We are subject to legal proceedings, investigations and claims arising in the ordinary course of our business, including car accidents, from time to time. While as a pure-play information service provider, we do not mandate private car owners to report all car accidents to us, we have reporting procedures in place to enable and facilitate private car owners and riders to report to us and seek assistance. In specific, the private car owner or the rider can access the insurance information of the trip through our *Dida Mobility* app and contact the insurance company for insurance claims. The insurance company provides the car accident statistics for us on a monthly basis. The private car owner or the rider may also contact our customer service staff through in-app customer support or the 24/7 emergency response hotline to report car accidents. In 2021, 2022 and 2023, the total number of car accidents during carpooling rides we facilitated was 1,865, 1,177 and 1,261, respectively, representing 0.0014%, 0.0012% and 0.0010% of all carpooling rides we facilitated in the respective years. These car accidents did not involve any criminal offenses. During the same years, 1,049, 767 and 944 of these car accidents, respectively, involved bodily injury and liability on the part of the private car owner, which represented approximately 8.1, 8.1 and 7.9 cases of such car accidents per million carpooling rides we facilitated, respectively. As of December 31, 2023, 469, 334 and 343 of such car accidents in 2021, 2022 and 2023, respectively, had completed the insurance claim process, with the remaining ones pending insurance claims or having been settled directly among the parties. Most of these car accidents did not result in serious bodily harm or death. In 2021, 2022 and 2023, only 13, 17 and 10 car accidents resulted in serious bodily harm or death, respectively. As elaborated below, our PRC legal advisors are of the view that the possibility that we would be subject to the direct liability or the joint and several liability for the car accidents during carpooling rides is low. We also do not believe that these car accidents indicated any inadequacy or inefficacy of our safe measures. According to the F&S Report, we have maintained a relatively high safety level as the number of car accidents per million rides was far below the industry average. In 2021, 2022 and 2023, there were 35.7 thousand, 31.9 thousand and 43.7 thousand carpooling car accidents nationwide, representing approximately 105, 110 and 112 car accidents per million carpooling rides nationwide, respectively, according to the same source.

BUSINESS

From 2020 throughout the Track Record Period and up to the Latest Practicable Date, we were involved in a total of 232 litigations in relation to car accidents in which we were the defendant. As of the date of this prospectus, 194 litigations have been concluded, among which we obtained 149 final judgments in our favor, settled 41 cases without any unfavorable judgment, and had four cases that ruled against us. The four unfavorable decisions include:

- (1) one case involving a non-fatal car accident which occurred in July 2019 due to the private car owner's violation of traffic rules, for which the court determined based on rarely-adopted reasoning (as compared to most of our concluded litigations related to car accidents in which we were a defendant) that we assumed liability for breach of contractual obligation because we were deemed a party to the de facto passenger transportation agreement between the carpooling rider and the private car owner who failed to fulfill the contractual obligation of taking the rider to the destination safely in a timely manner; in comparison, in most of the concluded litigations related to car accidents in which we were a defendant, the courts are of the view that as a pure-play information service provider, we are not considered a party to the de facto passenger transportation agreement between private car owners and carpooling riders; nevertheless, the court determined that the insurance coverage we purchased would suffice for the compensation of this case, and the insurance company should assume substitute liability within the scope of its coverage of RMB0.1 million; as such, we did not incur out-of-pocket compensation payments and, therefore, did not appeal to a higher court;
- (2) one case involving the death of one rider and bodily harm of two other riders in a car accident which occurred in April 2020 due to the private car owner's violation of traffic rules, for which we received a favorable first instance judgment, but the decision was overturned in favor of the appellant in the subsequent appeal, where the appellate court held that the private car owner did not provide the ride in compliance with laws and regulations, and that we neglected to fulfill our obligations as a carpooling marketplace platform to prevent the misbehavior of such private car owner; however, we did not have adequate opportunities to be heard during the second trial due to, in part, the COVID-19 outbreak; considering the severity of the car accident and the social impact, we did not apply for a retrial and paid a compensation of approximately RMB0.4 million out of our sympathy towards the plaintiffs;
- (3) one case involving the death of one rider and bodily harm of two other riders in a car accident which occurred in March 2019 due to the private car owner's violation of traffic rules, for which we appealed the first instance judgment and applied for retrial after the second instance judgment; in the final verdict, the retrial court maintained the verdict of the second trial court, which was of the view that the private car owner did not provide the ride in compliance with laws and regulations, and that we neglected to perform our obligations as a carpooling marketplace platform to prevent the misbehavior of such private car owner; we paid a compensation of approximately RMB0.5 million out of our sympathy towards the plaintiffs in light of the severity of the car accident and the social impact, as the private car owner was paralyzed in the car accident and, therefore, had no financial capability to compensate the plaintiffs, which were among the major concerns of the retrial court; and

BUSINESS

- (4) one case involving a non-fatal car accident which occurred in December 2019 due to the private car owner's violation of traffic rules, for which we were named as a co-defendant together with the private car owner and the insurance company; in the first trial, the court was of the view that as we and the private car owner did not appear in court to participate in the litigation without providing justifiable reasons or submit written defenses after being legally summoned, the court could not ascertain the legal relationship between our platform and the private car owner, and thus held in August 2021 that we should assume the carrier responsibility as an online ride-hailing platform together with the private car owner, and the appellate court sustained the judgment in October 2022; however, we did not receive any court summons or other litigation materials during the first and appellate trials of the case and were not aware of the unfavorable judgment until May 2023 when we received the enforcement documents; we paid a compensation of approximately RMB12,000 in compliance with the court's enforcement procedures and have been preparing for the retrial application to obtain an adequate opportunity to be heard by court.

Despite the unfavorable decisions, we believe that we have fulfilled our obligation in safety management and other relevant contractual obligations as a platform providing carpooling marketplace services, including adequate background check procedures, procedures to protect user privacy, and vehicle requirements.

According to the car accident reports of the four cases, the cause of the accidents was not related to our intermediate services as a carpooling platform. Moreover, we have been continuously enhancing our safety measures to prevent similar car accidents in the future, including more stringent background checks, the adoption of technologies to detect traffic violations, and safety reminders during trips. In addition, we release safety education content on the carpooling marketplace platform on a regular basis, including safety topics and first aid guides, to enhance safety awareness among users. Our Directors confirmed that the three cases have no material adverse effect on our business, results of operations and financial condition. As of the date of this prospectus, the remaining 38 litigations are pending, with an aggregate claim amount of approximately RMB11.5 million. We have not made provision for the potential liabilities for these pending litigations.

As advised by our PRC legal advisors, we generally would not be subject to liability for injury or damage resulting from car accidents if local authorities of transportation and courts determine that we have fulfilled our obligation in safety management and other relevant contractual obligations as a platform providing carpooling marketplace services, including adequate background check procedures, procedures to protect user privacy, and vehicle requirements. See "Regulations—Regulations on Carpooling Services." Our PRC legal advisors are of the view that the possibility that we would be subject to the direct liability or the joint and several liability for the car accidents for carpooling trips is low, considering (1) that we have implemented adequate safety mechanisms for our carpooling marketplace, (2) that we had not been subject to any administrative action, fine or penalty imposed by the relevant regulatory authorities with respect to our obligation in safety management during the Track Record Period and up to the Latest Practicable Date, (3) that as a pure-play information service provider, we are not a party to the transaction between private car owners and carpooling riders, and (4) that among the 194 concluded litigations in relation to car accidents in which we were the defendant, we have obtained final judgments in our favor or settled the cases without any unfavorable judgment for all but four cases as of the date of this prospectus.

Considering that carpooling is a relatively new mobility mode and the regulatory regime for carpooling services continues to evolve, there may be discrepancies in the understanding of the carpooling mode and the interpretation of the relevant regulations among courts in different regions. Nevertheless, our PRC legal advisors are of the view that the sporadic unfavorable judgments shall not be interpreted to jeopardize the general principle of determining our liability for injury or damage resulting from car accidents as discussed above. In fact, among the 194 concluded cases, most courts have held that we provide intermediate services (居間服務), rather than carrier services (承運服務), as a pure-play information service provider, and our main obligation, among others, is to conduct background checks and verification of private car owners and their vehicles. As a result, in most cases, we were determined by courts as having fulfilled our obligations and, therefore, were held not liable for the injury or damage resulting from car accidents. Moreover, the implementation rules of certain municipalities have stipulated provisions under the same principle. For example, the Notice of the Shenzhen Municipal Bureau of Transportation on the Issuance of Regulations on Private Vehicle Carpooling (深圳市交通運輸局關於印發<關於規範私人小客車合乘的若干規定>的通知) stipulates that carpooling is not road transportation operation, but a voluntary civil behavior among the carpooling participants. The relevant rights, obligations and responsibilities are agreed upon and assumed by the carpooling participants themselves. As confirmed by our PRC legal advisors, our carpoolers' convention and code of conduct constitutes a valid agreement between us and our users. Furthermore, in the unlikely event that we were held jointly and severally or otherwise liable, we would be able to cover most of the liabilities in connection with the carpooling trips with commercial insurance policies, subject to their maximum payout.

In addition, our Directors are of the view that our carpoolers' convention and code of conduct have sufficient protection for us from the potential liabilities arising from car accidents, including tort liability or liability for breach of contractual obligations, based on the foregoing and for the following reasons:

- car accidents are usually caused by the private car owners or third parties en route; in such cases, if we have fulfilled our responsibilities without any negligence under relevant rules, including implementing safety measures and complying with rules on personal information and privacy protection, we are not responsible for the tort;
- as for the contractual liability, the carpoolers' convention and code of conduct provides, among others, that (1) as an intermediary information platform, except as expressly provided by law, we do not assume responsibility for losses that may be suffered by users in the course of carpooling, and any disputes arising between private car owners and carpooling riders arising from carpooling shall be settled by negotiation between the two parties; (2) we only assume the corresponding liability for direct and actual losses caused to users by our platform according to law, and do not assume responsibility for any indirect losses or punitive damages except as expressly provided by laws and regulations; and (3) if users violate the carpoolers' convention and code of conduct and cause damage to others, they shall bear all legal responsibilities;
- as a pure-play information service provider, we usually have fulfilled our contractual obligations after we complete the private car owner certification process and facilitate the carpooling orders between private car owners and carpooling riders; as such, there is usually a lack of valid claims against us with respect to car accidents on the basis of breach of contractual obligations;

BUSINESS

- as advised by our PRC legal advisors and concurred by the PRC legal advisors of the Joint Sponsors, our carpoolers' convention and code of conduct are enforceable and valid in all material respects;
- as advised by our PRC legal advisors and concurred by the PRC legal advisors of the Joint Sponsors, our carpooling convention and code of conduct are adopted as evidence and considered valid and binding by the courts in most litigations in relation to car accidents; and
- as advised by our PRC legal advisors, as discussed above, the three sporadic unfavorable judgments shall not be interpreted to jeopardize the principle of determining our liability for injury or damage resulting from car accidents.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we were not involved in any litigation or arbitration proceedings or administrative proceedings pending or, to the best knowledge of our Directors, threatened against us or any of our Directors that could have a material adverse effect on our business, results of operations or financial condition.

COMPLIANCE

We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and as of the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, and we did not experience any non-compliance incident, which taken as a whole, in the opinion of our Directors, is likely to have a material and adverse effect on our business, results of operations or financial condition. As advised by our PRC legal advisors, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in all material respects.

OCCUPATIONAL SAFETY

We place emphasis on occupational health and work safety during the delivery of our services and have adopted a preventive approach with an emphasis on hazard management and risk assessment. To achieve this, we have established safety plans and in-house rules to provide our employees with a safe and healthy working environment by specifying various safety measures. We have an occupational safety management system for the purpose of risk identification and have adopted a code of practice in relation to enforcing fire safety and operation safety for employees to comply with in reporting and handling accidents.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant workplace accident or encounter any material non-compliance issues with respect to any applicable laws and regulations on safety.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE**Overview**

We do not operate in a highly-polluting industry, and our operations primarily involve online platform development. However, we regard environment protection as an important corporate responsibility, and are committed to promoting corporate social responsibility and sustainable development as well as integrating it into all major aspects of our business operations. Our Board has adopted a comprehensive policy on environmental, social and corporate governance responsibilities (the “ESG Policy”) on June 13, 2024 in accordance with the Listing Rules, which sets forth our corporate social responsibility objectives and provides guidance on practicing corporate social responsibility in our daily operations.

Under our ESG Policy, we conduct various initiatives to encourage green and hospitable travel culture. For example, we launched our gratitude program in 2021. According to our survey at the first anniversary of the launch of the program released in November 2022, our riders have sent more than 2.39 million virtual flowers with thank-you notes to private car owners to express their gratitude for the private car owners’ kind gestures, such as special care for the elderly, pregnant women and infants, and in severe weather conditions. We believe that our gratitude program is able to spread goodwill among users and enhance harmony in travel.

Leveraging the collaborative nature of carpooling, we actively launch initiatives to advocate for sharing idle seat with those in need to benefit the vast passengers in China. For example, during the Chinese New Year holidays in 2023, we collaborated with China Siyuan Foundation, Beijing Facilitator Social Work Development Center, Weifang Pilot Social Work Office and Huaihua Volunteer Association and launched the social welfare project to help migrant workers, college students and other non-privileged people return to their hometowns and jobs as transportation tickets were hard to get during the holiday. We provided free carpooling rides and helped hundreds of migrant works return home during the Chinese New Year holidays in 2023. In the past eight years, we have helped over 10,000 travelers return home smoothly during the Chinese New Year holidays.

In addition, we endeavor to reduce negative environmental impacts through our commitment to energy saving and sustainable development. We will also focus on embracing diversity within our organization and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. While maximizing equal career opportunity for everyone, we will continue to promote work-life balance and create a happy culture in our workplace for all employees.

Our Board has the collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Group, and evaluating, determining and addressing our ESG-related risks at least once a year. Our Board may assess or engage independent third parties to evaluate the ESG risks and review our existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate the risks.

BUSINESS

We monitor environmental, social and climate-related risks and opportunities that may impact our business, strategy and financial performance and evaluate the magnitude of resulting impact over the short, medium and long-term horizon. The demand for our services depends on a stable natural and social environment. Epidemics, extreme weathers, earthquakes, and other natural disasters will negatively impact on the operations of us and our users. Climate change may result in weather pattern changes, which may increase the frequency of extreme weather conditions. In the medium to long term, governments may change existing or enact new environmental, social and climate-related laws and regulations, which may affect our business, operations and financial position directly or indirectly. For example, such changes may strengthen climate-related requirements, affect vehicle ownership cost, increase labor cost, and change user preference and demand. We take these issues into account when developing our business strategy and may adjust our strategy in a particular country, region or city in response to changing environmental, social and climate-related landscape.

We will continuously communicate with the relevant regulatory authorities regarding the evolving ESG-related regulatory requirements to keep abreast of the last developments and ensure our ongoing compliance. Specifically, we actively promote the healthy and sustainable development of the carpooling industry. For example, we keep in touch with not only regulatory authorities but also academia, industry peers and user representatives through industry conferences and research projects to discuss and reach consensus on ESG action plans.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fine, claim or administrative penalties arising from non-compliance with applicable environmental laws and regulations.

Metrics and Targets

We have established a series of key performance indicators to constrain and guide our business operations. We have also implemented internal policies to reduce our carbon footprint and contribute to the overall environmental sustainability in China through our pro-ESG service offerings. The following table sets forth the key metrics of our ESG performance for the years indicated.

	Year ended December 31,		
	2021	2022	2023
Carbon emission (tonnes)			
Operation of our servers	1,162	1,145	1,146
Office daily consumption	109	107	143
Total	1,271	1,252	1,289
Carbon emission intensity			
Carbon emission per unit of server (tonnes per server)	1.2	1.0	0.6
Carbon emission per unit of office gross floor area (tonnes per square meter)	0.05	0.05	0.05
Electricity (kWh)			
Operation of our servers	1,999,966	2,009,080	2,009,080
Office daily consumption	187,200	187,200	250,200
Total	2,187,166	2,196,280	2,259,279
Electricity consumption intensity			
Electricity consumption per unit of server (kWh per server)	2,151	1,812	1,133
Electricity consumption per unit of office gross floor area (kWh per square meter)	93	93	82
Water consumption (tonnes)			
Office daily consumption	4,683	4,683	6,244
Water consumption intensity			
Water consumption per unit of office gross floor area (tonnes per square meter)	2	2	2

BUSINESS

The following table sets forth the measurable targets for improvement of our ESG performance for the next three years.

	Year ended December 31,		
	2024	2025	2026
Carbon emission (tonnes)			
Operation of our servers	1,100	1,100	1,100
Office daily consumption	160	160	160
Total	1,260	1,260	1,260
Carbon emission intensity			
Carbon emission per unit of server (tonnes per server)	0.6	0.6	0.6
Carbon emission per unit of office gross floor area (tonnes per square meter)	0.05	0.05	0.05
Electricity (kWh)			
Operation of our servers	2,000,000	2,000,000	2,000,000
Office daily consumption	280,000	280,000	280,000
Total	2,280,000	2,280,000	2,280,000
Electricity consumption intensity			
Electricity consumption per unit of server (kWh per server)	1,066	1,005	1,005
Electricity consumption per unit of office gross floor area (kWh per square meter)	92	92	92
Water consumption (tonnes)			
Office daily consumption	7,000	7,000	7,000
Water consumption intensity			
Water consumption per unit of office gross floor area (tonnes per square meter)	2	2	2

- Carbon and waste emissions.* Our business model has enabled us to contribute to a cleaner environment by unleashing idle transit capacity without putting more vehicles on the road. Our carpooling marketplace services helped to reduce approximately 1.2 million tonnes, 0.9 million tonnes and 1.3 million tonnes of carbon dioxide in 2021, 2022 and 2023, respectively, which is calculated based on the difference between the carbon emissions of carpooling and other private transportation modes (such as private car trips) for the same travel distance, multiplied by the total travel distance of carpooling trips on our platform in the respective year. Going forward, we stay committed to being an exemplary corporate citizen with positive ESG impacts and expect to help to reduce over 1.0 million tonnes of carbon dioxide each year for the next three years.

During the Track Record Period, our carbon emission was approximately 3.8 kilotonnes for the daily consumption of our office and our servers. The scope 3 carbon emissions during our ordinary course of business mainly relates to the emission from the vehicles of private car owners and taxi drivers on our platform. We have launched various initiative to encourage green traveling and reduce the scope 3 carbon emissions in consistency with

BUSINESS

our business culture. For example, we participated in formulating the carpooling carbon emission reduction standards, Technical Specification for Assessment of Greenhouse Gas Emission Reductions from Private Carpooling Travels (私人小客車合乘出行項目溫室氣體減排量評估技術規範), which was issued by the China Association for Certification and Accreditation (中國認證認可協會) in 2021, contributing to the standardized assessment of carpooling carbon emission and the promotion of green transportation. In May 2022, we reached a strategic cooperation with China Emissions Exchange (廣州碳排放權交易所), aiming to reduce carbon footprint of people's travels, promote incentivized carbon mitigation projects among individuals and small businesses, and support green finance and ESG-related investment projects. We also incentivize users of our platform to reduce their carbon emissions. We monitor the private car owners' travel data and provide achievement badges to recognize their emission reduction and environmental protection contribution. In addition, we encourage private car owners of battery electric vehicles to take more orders on our platform by providing special subsidies for them.

- *Power usage.* We endeavor to proactively conserve energy in response to the government's initiatives. During the Track Record Period, our power usage was approximately 6.6 million kWh, including over 0.6 million kWh for the daily consumption of our office and approximately 6.6 million kWh for the operation of our servers. We will (1) install energy efficient lighting and ensure lights are switched off when out of use either manually or through automatic sensors, (2) require double-sided printing of documents throughout our offices, (3) switch off certain IT equipment or set automatic power shutdown for certain systems and devices, and (4) implement air conditioning controls, with measures including requirements on lowest temperature, regular maintenance of air-cooling technologies and optimal timing controls. We also raise energy consumption awareness of our employees during our training and campaigns.
- *Resource consumption.* We endeavor to reduce negative environmental impact through our commitment to energy saving and sustainable development. During the Track Record Period, our water consumption was approximately 15.6 kilotonnes. We expect our water consumption to increase moderately at approximately 50% over the next three years in line with our business expansion. We actively promote the idea of paperless workplace, and we encourage double-sided printing of documents in our office.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of any necessary measures. In addition, we plan to provide our Directors, senior management and relevant employees with continuing training programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance.

BUSINESS

In addition, we have adopted a set of internal rules and policies governing the conduct of our employees. We have established a monitoring system to implement anti-bribery and anti-corruption measures to ensure that our employees comply with our internal rules and policies as well as the applicable laws and regulations. For example, our management is responsible for conducting a fraud and bribery risk assessment on an annual basis and our audit committee reviews and approves our annual risk assessment results and policies. We have also identified certain forbidden conduct in our internal anti-bribery and anti-corruption policies, including, among others, the prohibition to acceptance of bribes or rebates, embezzlement or misappropriation of our assets, and forgery or alteration of our accounting records. We have punishment measures on employees who violate our anti-bribery and anti-corruption policies, including but not limited to termination of employment. We have set up a reporting email and established a whistleblowing mechanism to protect and reward whistleblowers of violations of our anti-bribery and anti-corruption policies. Furthermore, we have established policies and measures for monitoring and preventing money laundering activities. For example, our management is responsible for supervising the implementation of the unified anti-money laundering policy throughout our Group, and our audit committee supervises the legal compliance of our Directors and senior management in fulfilling their anti-money laundering obligations. We have established an anti-money laundering working group specifically responsible for the recording, analysis and timely reporting of large transactions and suspicious transactions. We have been upgrading our customer information identification system and maintaining lists of customers of concern in order to timely identify customers, business relationships or transactions with money laundering risks. We keep customer information and transaction records for at least five years to facilitate anti-money laundering supervision and investigation. We also organize training for our employees for at least once per year, as well as mandatory anti-money laundering training for newly hired employees, to ensure that they understand our related requirements and are capable to detect and handle suspicious transactions.

We offer compulsory training courses to our new employees and continuing training to our existing employees to enhance their knowledge and awareness of the relevant rules and regulations. We also keep abreast of the latest regulatory updates and communicate with the relevant regulatory authorities from time to time to discuss the latest regulatory requirements in light of the evolving nature of China's mobility market.

Furthermore, we have engaged an independent internal control consultant to evaluate our internal control system in preparation for the Listing. The internal control consultant performed review procedures over selected areas of our internal control system for the period from December 7, 2022 to December 29, 2022, including sales, procurement, human resources, corporate governance, accounting management, financial procedures, legal compliance and information management, and provided some findings and recommendations. The major finding in relation to our compliance with implemental rules and local practice includes the discrepancy between our daily limit policies for carpooling trips/rides and specific implementation rules promulgated by municipal regulators in individual cities. The recommendations provided by the internal control consultant for such major findings include resetting the daily limits for carpooling trips/rides based on the specific rules in each city, and consistently monitoring the municipal rules and updating our daily limit policies accordingly. We have taken remedial actions, including upgrading our platform features, in response to such findings and recommendations. As of the date of this prospectus, we have upgraded our

BUSINESS

platform and achieved full compliance with such specific implementation rules in the Major Cities. As further advised by our PRC legal advisors, we have complied with the PRC laws, regulations and municipal rules in respect of carpooling marketplace services in all material respects. See “—Regulations on Carpooling Services and Administrative Penalties—Historical Administrative Penalties and Discrepancies.” The internal control consultant performed follow-up procedures on our remedial actions from January 9, 2023 to January 17, 2023, and did not identify any material deficiency in our internal control system, nor did it identify any other instances of non-compliance with the relevant local implementation rules.

During the Track Record Period, save as disclosed above, our Directors did not identify any material internal control weaknesses or failures. Considering the remedial actions we have taken, our Directors are of the view that we have adequate and effective internal control procedures.

In addition, we have appointed CMBC International Capital Limited as our compliance advisor with effect from the date of the Listing to advise on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong.

Risk Management

We are exposed to various risks in the operations of our business and we believe that risk management is important to our success. Key operational risks faced by us include, among others, changes in general market trends and the regulatory environment of the carpooling and taxi industries, our ability to maintain, improve our service offerings, our ability to maintain cooperation relationships with taxi drivers, companies and associations, and our ability to retain and grow our user base. See “Risk Factors” for disclosures on various risks we face. In addition, we also face numerous market risks, such as interest rate, credit and liquidity risks that arise in the normal course of our business. See “Financial Information—Qualitative and Quantitative Disclosure about Market Risks” for details.

We have implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including the administration of daily operations, financial reporting and recording procedures, fund management policies, and compliance with applicable laws and regulations. Our Board oversees and manages the overall risks associated with our operations. We have established an audit committee to review and supervise the financial reporting process and internal control system of our Group. See “Directors and Senior Management—Board Committees—Audit Committee” for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee. We have adopted written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

THE GROUP OF OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Co-Founders, indirectly through a common holding company, namely 5brothers Limited, were beneficially interested in approximately 33.57% of the total number of issued Shares. Pursuant to our currently effective memorandum and articles of association, the Shares held by 5brothers Limited shall together carry the number of votes equal to the number of votes carried by the Shares held by all other Shareholders, as a result of which, the shares held by 5brothers Limited are granted with the voting power, representing 50% of all the voting power at the general meetings of our Company. In light of the Listing, on June 13, 2024, our Shareholders resolved to adopt a new memorandum and articles of association, effective immediately prior to the Listing, to replace our current memorandum and articles of association and terminate all the special rights granted to existing shareholders to comply with applicable laws and regulations after the Listing.

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares that may be issued under the Share Incentive Schemes), our Co-Founders, through 5brothers Limited, will control approximately 66.39% of all the voting powers at the general meetings of our Company comprising approximately 32.25% beneficially owned by themselves through 5brothers Limited and approximately 34.14% vested to 5brothers Limited by the Proxy Investors, and will, together with 5brothers Limited and their respective Principal BVI Holdco, continue to be a group of our Controlling Shareholders. See “History and Corporate Structure—Our Company and Major Shareholding Changes—Voting Proxies” for details.

COMPETING INTERESTS

Members of our Controlling Shareholders confirm that none of them or any of their respective close associates has any interest in a business, apart from the business of our Group, that competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM THE GROUP OF OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from the group of our Controlling Shareholders and their respective close associates after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the Listing, our Board consists of five executive Directors, one non-executive Director and three independent non-executive Directors. See “Directors and Senior Management” for details. Our executive Directors and senior management are primarily responsible for overall management.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Directors consider that our Board and senior management will function independently of the group of our Controlling Shareholders based on the following reasons:

- (a) each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;
- (c) we have three independent non-executive Directors who have extensive experience in different professions. They have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of our independent non-executive Directors from different backgrounds provides a balance of views and opinions; and
- (d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the group of our Controlling Shareholders which would support our independent management. See “—Corporate Governance Measures” for more information.

Our Directors are satisfied that our Board as a whole together with our senior management team is able to manage our business independently from the group of our Controlling Shareholders and their close associates.

Operational Independence

Although the group of our Controlling Shareholders will retain a controlling interest in our Company after the Listing, we have full rights to make all decisions regarding, and to carry out, our own business operations independently. Our Company (through our subsidiaries and Consolidated Affiliated Entities) holds or enjoys the benefit of all relevant licenses necessary to carry on our business, and has sufficient capital, equipment, access to customers and suppliers, and employees to operate our business independently from the group of our Controlling Shareholders. In addition, our organizational structure is made up of individual departments, each with specific areas of responsibilities. We have also established a set of internal control measures to facilitate the effective operation of our business.

Apart from the transactions set out in “Connected Transactions,” our Directors do not expect that there will be any other significant transactions between our Group and the group of our Controlling Shareholders upon or shortly after the Listing. Based on the above, our Directors believe that we are capable of carrying on our business independently of the group of our Controlling Shareholders and their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, our Group has our own internal control, accounting and financial management system and we make financial decisions according to our own business needs. Our Group's major finance operations are handled by our financial management department, which operates independently from the group of our Controlling Shareholders and their close associates. We do not share any other functions or resources with any member of the group of our Controlling Shareholders or their close associates.

We have sufficient capital and banking facilities to operate our business independently, and have adequate resources to support our daily operation. As of December 31, 2023, we had bank balances and cash and financial assets at fair value through profit or loss of RMB685.5 million and RMB352.8 million, respectively. As of the Latest Practicable Date, there was no outstanding loan from, or guarantees provided by, the group of Controlling Shareholders to our Group. Our Directors believe that we are capable of obtaining financing from external sources independently without reliance on the group of our Controlling Shareholders.

Based on the above, our Directors believe that we have the ability to operate independently of the group of our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence from the group of our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests as a whole. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the group of our Controlling Shareholders:

- (a) our independent non-executive Directors will review, on an annual basis, any conflicts of interests circumstances between our Group on the one hand and the group of our Controlling Shareholders and/or our Directors on the other hand, and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (b) our Company will disclose decisions on matters (if any) reviewed by our independent non-executive Directors in the annual reports of our Company or in the announcements under the Listing Rules;
- (c) the group of our Controlling Shareholders will provide all information requested by our Company that is necessary for the review by our independent non-executive Directors;
- (d) if any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in which such Directors and/or their respective close associates have material interest, he/she shall not vote on any resolution approving such matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Memorandum and Articles of Association;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (e) we have appointed CMBC International Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance;
- (f) we have established the audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code; and
- (g) where the advice from independent professional, such as that from financial adviser, is reasonably requested by our Directors (including the independent non-executive Directors), the appointment of such independent professional will be made at our Company's expenses.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the group of our Controlling Shareholders and their respective associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

CONTRACTUAL ARRANGEMENTS

BACKGROUND

We are a technology-driven platform in China providing data-based carpooling marketplace and smart taxi services (collectively, the “VATS Business”) through our online platforms in the PRC. We have operated the VATS Business through Beijing Changxing and its subsidiary, which are our Consolidated Affiliated Entities and PRC operating entities.

Investment activities in the PRC by foreign investors are mainly governed by the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 Version) (外商投資准入特別管理措施(負面清單)(2021年版)) (the “2021 Negative List”) and the Catalogue of Encouraged Industries for Foreign Investment (2022 Version) (鼓勵外商投資產業目錄(2022年版)) (the “2022 Encouraged Catalog”), which were promulgated and are amended from time to time jointly by MOFCOM and the NDRC. According to the 2021 Negative List and the 2022 Encouraged Catalog and applicable PRC laws and regulations, our VATS Business involve certain foreign investment prohibited and restricted businesses and require value-added telecommunication business related licenses. Beijing Changxing currently holds the VATS Licenses for conducting our VATS Business. See “Regulations—Regulations on Value-added Telecommunications Services and Foreign Investment Restrictions” for details. On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (外商投資電信企業管理規定) (the “FITE Regulations”), which were amended on September 10, 2008, February 6, 2016 and March 29, 2022, respectively. According to the FITE Regulations, foreign investors are restricted from holding equity interests of a company providing value-added telecommunications services. We provide carpooling marketplace services and smart taxi services through our mobile apps, which constitutes foreign investment restricted value-added telecommunications services in the PRC that requires the service provider to obtain an ICP license for such services. In addition, we have developed cloud-based toolkits embedded in our mobile app to expand its functions, which constitutes foreign investment prohibited value added telecommunication services in the PRC that requires the service provider to obtain an IDC license (together with the ICP license, the “VATS Licenses”) for such services. Given that all such services are or will be provided by us on our uniformed mobile app platform for all of our services, we are subject to foreign ownership prohibition and restrictions in China. Beijing Changxing, our PRC operating entity, has obtained the VATS Licenses for operating our VATS Business.

To comply with applicable laws and regulations and in line with common practice in companies conducting value-added telecommunication business in the PRC, we have established the contractual arrangement (the “Contractual Arrangements”) through a series of agreements among the WFOE, Beijing Changxing and the Registered Shareholders in December 2014, which was last amended and restated in September 2020. Pursuant to the Contractual Arrangements, all substantial and material business decisions of our Consolidated Affiliated Entities will be instructed and supervised by our Group through the WFOE, and all risks arising from the business of Our Consolidated Affiliated Entities are also effectively borne by our Group as a result of it being treated as our wholly-owned subsidiaries. Our Directors consider that it is fair and reasonable for the WFOE to exercise control over and enjoy all the economic benefits derived from the operations of Our Consolidated Affiliated Entities through the Contractual Arrangements as a whole. See “—Our Contractual Arrangements” for details of the Contractual Arrangements.

CONTRACTUAL ARRANGEMENTS

Based on the consultation conducted by our PRC legal advisors and the PRC legal advisors of the Joint Sponsors with a deputy director of Industry Department of Communication Administration Bureau of the Ministry of Industry and Information Technology (“MIIT”) on September 14, 2020, December 23, 2020 (the “Consultation”), the provision of the VATS Business by our Company requires the VATS Licenses, and we were not able to obtain VATS Licenses through any sino-foreign equity joint venture or wholly owned foreign investment entity. As advised by our PRC legal advisors, (1) the interviews were made with the competent official who has the competent authority, and (2) the MIIT is the competent authority to confirm matters relating to the operations of value-added telecommunication business and application of relevant license.

On March 29, 2022, the State Council promulgated the Decision of the State Council on Amending or Abolishing Certain Administrative Regulations (關於修改和廢止部分行政法規的規定) (the “2022 Decision”), which came into effect on May 1, 2022. According to the 2022 Decision, the requirement of good track record and operational experience of the primary foreign investor in a foreign-invested value-added telecommunications enterprise (the “Qualification Requirements”), as stipulated in the previous FITE Regulation was canceled. The FITE Regulations were newly amended by 2022 Decision and the PRC government authorities may further impose additional requirements for foreign investors that invest in a company providing value-added telecommunication services in China in practice.

In accordance with a consultation with the MIIT through official hotline conducted by our PRC legal advisors and the PRC legal advisors of the Joint Sponsors in January 2023, the removal of the Qualification Requirements does not have any influence on the abovementioned restrictions or prohibitions on foreign investment in value-added telecommunication business in any material respects such that we would be able to obtain VATS Licenses through any sino-foreign equity joint venture or wholly owned foreign investment entity. In addition, as of the Latest Practicable Date, we had not received any inquiry or notice from the competent authorities regarding the validity of our VATS Licenses or our Contractual Arrangements as a whole. As such, our PRC legal advisors advised us that, (1) the foreign investment in the VATS Business is restricted or prohibited under current PRC laws and regulations; and (2) the removal of the Qualification Requirements does not change the abovementioned restrictions or prohibitions on foreign investment in our VATS Business such that our Company would be able to hold our Consolidated Affiliated Entities directly or indirectly through equity ownership. Accordingly, we believe that the Contractual Arrangements have been narrowly tailored to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations.

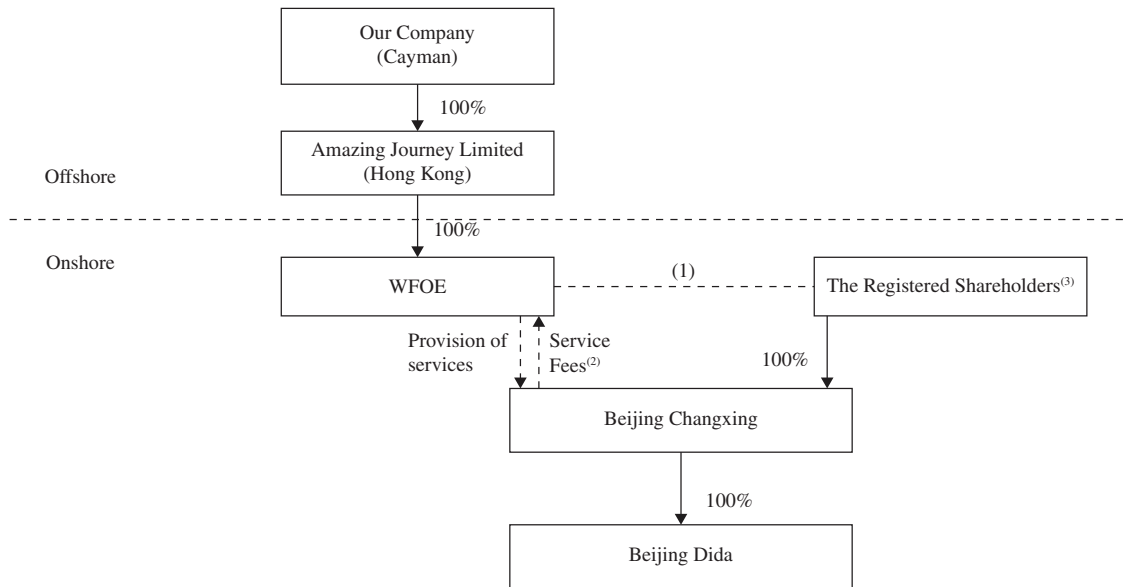
We will closely monitor any future development relating to the laws and regulations relating to foreign investment restriction and will take all necessary actions to comply with applicable laws, regulations and specific requirements or guidance, including reorganizing our corporate structure, if required in the future. See “Risk Factors—Risks Relating to Our Contractual Arrangements” for details. Nevertheless, we will terminate the Contractual Arrangements to the extent permissible and directly hold the maximum percentage of ownership interest permissible under applicable laws and regulations if the relevant government authority grants the VATS Licenses to the sino-foreign equity joint venture established by us.

CONTRACTUAL ARRANGEMENTS

OUR CONTRACTUAL ARRANGEMENTS

Overview

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements.



—▶ Beneficial ownership in equity interests

- - - -▶ Beneficial ownership through contractual arrangement

- (1) Control of WFOE over the business of Consolidated Affiliate Entities through agreements with the Registered Shareholders: (i) Exclusive Option Agreement and Exclusive Asset Acquisition Agreement, (ii) Equity Pledge Agreements, (iii) Powers of Attorney, and (iv) Loan Agreement.
- (2) Control of WFOE over the business of Consolidated Affiliate Entities through Exclusive Business Cooperation Agreement.
- (3) As of the Latest Practicable Date, Beijing Changxing was owned as to 60.5755% by Mr. SONG, 10.5362% by Mr. ZHU Min, 10.5362% by Mr. LI Jinlong, 10.5362% by Mr. LI Yuejun and 7.8159% by Mr. DUAN Jianbo, who were the Registered Shareholders.

Pursuant to the Contractual Arrangements, all substantial and material business decisions of the Consolidated Affiliated Entities will be instructed and supervised by our Group, through WFOE, and all risks arising from the business of the Consolidated Affiliated Entities are also effectively borne by our Group as a result of such Consolidated Affiliated Entities being treated as our wholly-owned subsidiaries. Accordingly, our Directors believe that it is fair and reasonable for WFOE to be entitled to all economic benefits generated by the business operated by the Consolidated Affiliated Entities through the Contractual Arrangements as a whole.

CONTRACTUAL ARRANGEMENTS

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into among the parties thereto; (ii) by entering into the Exclusive Business Cooperation Agreement with WFOE, Beijing Changxing will enjoy better economic and technical support from us, as well as a better market reputation after the Listing; and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business cooperation agreement dated September 16, 2020 between Beijing Changxing and WFOE (the “Exclusive Business Cooperation Agreement”), WFOE agreed to be engaged as the exclusive provider to Beijing Changxing of technical and business support, consultation and other services, in exchange for service fees, including, among others, technical services, staff training services, network support, business consultation services, intellectual properties licensing, devices or office premises leasing, market consultation services, system integration services, products research and development services and providing system maintenance services, as well as other services specified by Beijing Changxing from time to time, based on the WFOE’s actual business scope, to the extent permitted by PRC laws and regulations.

Under the Exclusive Business Cooperation Agreement, the service fee shall be determined by the WFOE, if not violating the mandatory provisions of PRC laws, in accordance with the amount of services provided by the WFOE and the value thereof, and shall consist of 100% of the total consolidated profit of our Consolidated Affiliated Entities, after deduction of any accumulated deficit of our Consolidated Affiliated Entities in the preceding financial year(s), working capital, expenses, taxes and other statutory contributions in relation to the respective fiscal year, subject to adjustment as determined by the WFOE, in its sole discretion, from time to time according to, among others, the volume and nature of the services provided. The WFOE shall calculate the service fees on an annual basis and in accordance with the payment instructions of the WFOE. Notwithstanding the payment agreements in the Exclusive Business Cooperation Agreement, WFOE may, in its sole discretion, adjust the payment time and payment method.

In addition, the WFOE is the sole and exclusive provider of services under the Exclusive Business Cooperation Agreement. Without the prior written consent of the WFOE, Beijing Changxing shall not directly or indirectly accept any consultation or providing of the same or any similar services by any third party and shall not establish cooperation relationship similar to that formed by the Exclusive Business Cooperation Agreement with any third party. However, the WFOE may appoint other parties, who may enter into certain agreements with Beijing Changxing, to provide to Beijing Changxing the services under the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement also provided that the WFOE has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by Beijing Changxing during the performance of the Exclusive Business Cooperation Agreement. Beijing Changxing shall take all actions to ensure the aforesaid interests and rights be vested in the WFOE.

CONTRACTUAL ARRANGEMENTS

The Exclusive Business Cooperation Agreement has a term of ten years commencing from December 4, 2014. The WFOE has the sole discretion and right to renew the term at its will. The Exclusive Business Cooperation Agreement shall not be terminated unless (a) in writing by the WFOE; or (b) term of such agreement is expired.

During the Track Record Period, WFOE charged approximately RMB148.7 million, RMB130.9 million and RMB248.5 million service fees from Beijing Changxing and its subsidiary pursuant to the Exclusive Business Cooperation Agreement.

Exclusive Option Agreement and Exclusive Asset Acquisition Agreement

Pursuant to the exclusive option agreement dated September 16, 2020 among Beijing Changxing, the WFOE and the Registered Shareholders (the “Exclusive Option Agreement”) and the exclusive asset acquisition agreement dated September 16, 2020 among Beijing Changxing and the WFOE (the “Exclusive Asset Acquisition Agreement”), the WFOE has the exclusive right to acquire all the assets/interests in Beijing Changxing and require the Registered Shareholders to transfer any or all their equity interests in Beijing Changxing to the WFOE and/or a third party designated by it, in whole or in part at any time and from time to time, for considerations equivalent to the minimum purchase price permitted under the PRC laws or at the appraised value of the acquired assets if required by PRC laws and regulations. Beijing Changxing and the Registered Shareholders have also undertaken that, subject to the relevant PRC laws and regulations, they will return to the WFOE, in such way required by the WFOE, any consideration that they receive in the event the WFOE exercises the options under the Exclusive Option Agreement or the Exclusive Asset Acquisition Agreement to acquire the equity interests and/or assets in Beijing Changxing. Beijing Changxing and the Registered Shareholders have undertaken that, among others,

- without the prior written consent of the WFOE, they shall not in any manner supplement, change or amend the constitutional documents of our Consolidated Affiliated Entities, increase or decrease our Consolidated Affiliated Entities registered capital, or change the structure of our Consolidated Affiliated Entities’ registered capital in other manner;
- they shall maintain our Consolidated Affiliated Entities’ corporate existence in accordance with good financial and business standards and practices, obtain and maintain all necessary government licenses and permits, prudently and effectively operate our Consolidated Affiliated Entities’ business, and handle our Consolidated Affiliated Entities’ affairs. The annual budgeting and final accounting of our Consolidated Affiliated Entities shall obtain the prior written consent of the WFOE;
- without the prior written consent of the WFOE, they shall not sell, transfer, pledge or dispose of in any manner the equity shares of our Consolidated Affiliated Entities, or allow the encumbrance thereon of any security interest, or allow investment by using the assets of our Consolidated Affiliated Entities;

CONTRACTUAL ARRANGEMENTS

- without the prior written consent of the WFOE, they shall not at any time sell, transfer, pledge or dispose of in any manner any material assets of our Consolidated Affiliated Entities or legal or beneficial interest in the material business or revenues of our Consolidated Affiliated Entities, or allow the encumbrance thereon of any security interest;
- without the prior written consent of the WFOE, our Consolidated Affiliated Entities shall not incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business and/or debt that has already been disclosed to and agreed by the WFOE;
- our Consolidated Affiliated Entities shall always operate all of their businesses during the ordinary course of business to maintain their asset value and refrain from any action/omission that may adversely affect their operating status and asset value;
- without the prior written consent of the WFOE, they shall not cause our Consolidated Affiliated Entities to execute any material contract (the consideration of which exceeds RMB100,000), except the contracts executed in the ordinary course of business, where without the prior written consent of the WFOE, our Consolidated Affiliated Entities shall not, in their ordinary course of business, enter into a contract or similar transaction with consideration of RMB500,000 or more or enter into series of contracts or similar transactions with aggregated consideration of RMB1,000,000 or more in any consecutive 12-month period;
- without the prior written consent of the WFOE, our Consolidated Affiliated Entities shall not provide any person with any loan or credit;
- our Consolidated Affiliated Entities shall provide to the WFOE information on its business operations and financial condition at the request of the WFOE;
- if requested by the WFOE, they shall procure and maintain insurance in respect of our Consolidated Affiliated Entities' assets and business from an insurance carrier acceptable to the WFOE, at an amount and type of coverage typical for companies that operate similar businesses;
- without the prior written consent of the WFOE, they shall not cause or permit our Consolidated Affiliated Entities to merge, consolidate with, acquire or invest in any person;
- they shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating our Consolidated Affiliated Entities' assets, business or revenue;
- without the prior written consent of the WFOE, our Consolidated Affiliated Entities shall not be dissolved or liquidated;

CONTRACTUAL ARRANGEMENTS

- to maintain the ownership by our Consolidated Affiliated Entities of all of our Consolidated Affiliated Entities' assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- without the prior written consent of the WFOE, our Consolidated Affiliated Entities shall not in any manner distribute dividends to our Consolidated Affiliated Entities' shareholders, provided that upon the written request of the WFOE, our Consolidated Affiliated Entities shall immediately distribute all distributable profits to its shareholders. The Registered Shareholders shall transfer all dividends and other assets or benefits receivable by him to the WFOE for free as soon as practicable upon request;
- at the request of the WFOE, our Consolidated Affiliated Entities shall appoint any persons designated by the WFOE as the directors, supervisors (if applicable) and senior management of our Consolidated Affiliated Entities;
- if the WFOE is not able to exercise its option or rights thereunder due to tax reasons of our Consolidated Affiliated Entities or the Registered Shareholders, the WFOE has the right to require them to fulfill its tax obligations; and
- our Consolidated Affiliated Entities and the Registered Shareholders shall not enter into any agreement or arrangement conflict with the Contractual Arrangements.

In addition, the Registered Shareholders, among other things, have covenanted that:

- without the prior written consent of the WFOE, they shall not sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in Beijing Changxing, or allow the encumbrance thereon of any security interest, except for the Equity Pledge Agreement, and procure the shareholders' meeting and/or the board of directors of Beijing Changxing not to approve such matters;
- without the prior written consent of the WFOE, if Beijing Changxing proposed to, among others, merge with, acquire or invest in or conduct any matters as mentioned above, they shall vote against or procure the shareholders' meeting and/or the board of directors of Beijing Changxing vote against such matters;
- inform the WFOE immediately of any actual or potential litigation, arbitration or administrative proceeding relating to the shareholding of Beijing Changxing;
- take all necessary actions and execute all necessary documents to litigate or defend in proceedings to safeguard its ownerships in Beijing Changxing;
- without the prior written consent of the WFOE, they shall not appoint or remove any directors, supervisors or designated management members of Beijing Changxing, and they shall appoint such directors as nominated by the WFOE in Beijing Changxing;

CONTRACTUAL ARRANGEMENTS

- upon the request by the WFOE or its appointee(s) to exercise options under the Exclusive Option Agreements, they shall immediately transfer to the WFOE or its appointee(s) its equity interest in Beijing Changxing, and relinquish the pre-emptive right (if any) he/she is entitled to in relation to the transfer of equity interest by any other shareholders to Beijing Changxing and give consent to the execution by each other shareholder of Beijing Changxing;
- procure the shareholders' meeting and/or the board of directors of Beijing Changxing to approve such matters; and
- subject to the relevant laws and regulations, the Registered Shareholders will return to the WFOE any consideration they receive in the event that the WFOE exercise the options under the Exclusive Option Agreements to acquire the equity interests in Beijing Changxing.

Each of the Exclusive Option Agreement and the Exclusive Asset Acquisition Agreement has a term of ten years commencing from December 4, 2014. The WFOE has the sole discretion and right to renew the term at its will. In the event that the operation of the Relevant Businesses and holding of ownership interests of Beijing Changxing by the WFOE is practicable and permissible under relevant PRC laws and regulations, the WFOE has the right to terminate the Exclusive Option Agreement and the Exclusive Asset Acquisition Agreement by giving written notice to Beijing Changxing thirty days prior to such termination. Without prior written consent of the WFOE, none of Beijing Changxing or the Registered Shareholders may unilaterally terminate such agreements.

Equity Pledge Agreement

Pursuant to the equity pledge agreement dated September 16, 2020 entered into between the WFOE, Beijing Changxing and the Registered Shareholders (the "Equity Pledge Agreement"), the Registered Shareholders agreed to pledge all their respective equity interests in Beijing Changxing that they own to the WFOE as a security interest to guarantee the performance of contractual obligations and any payment due to the WFOE under the Contractual Arrangements, including but not limited to, the service fees under the Exclusive Business Cooperation Agreement and outstanding loans under the Loan Agreement.

The pledge in respect of Beijing Changxing took effect upon the completion of the registration with the relevant administration for industry and commerce and shall remain valid for an initial term of ten years commencing from the effective date, which may be renewed by the WFOE in writing or automatically renewed to the same term as the renewed agreements for the Contractual Arrangements. If there is outstanding debts of the Registered Shareholders or Beijing Changxing under the relevant Contractual Arrangements, the valid period of Equity Pledge Agreement may be renewed in writing by the WFOE to the date when all such outstanding debts have been fully paid.

CONTRACTUAL ARRANGEMENTS

Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreement), the WFOE shall have the right to exercise all such rights as a secured party under any applicable PRC law and the Equity Pledge Agreements. The Registered Shareholders have undertaken that, among others, they will not transfer or bestow its respective equity interests in Beijing Changxing without prior written consent of the WFOE, and their obligations under this agreement shall be binding on his successors.

As of the date of this prospectus, we had completed the registration of the Equity Pledge Agreements as required by the relevant PRC laws and regulations.

Powers of Attorney

Each of the Registered Shareholders has executed a power of attorney dated September 16, 2020 (collectively, the “Powers of Attorney”), pursuant to which, each of the Registered Shareholders has irrevocably appointed the WFOE and its designated persons (including but not limited to the Directors and their successors and liquidators replacing the Directors but excluding those who are not independent or who may give rise to conflict of interests) as his exclusive attorneys-in-fact to exercise on his behalf, and agreed and undertook not to exercise, without such person’s prior written consent, any and all right that he has in respect of his equity interests in Beijing Changxing, including without limitation:

- to attend shareholders’ meetings of Beijing Changxing and to execute any and all written resolutions and meeting minutes in the name and on behalf of such shareholder;
- to exercise all the shareholder’s rights and the shareholder’s voting rights in accordance with law and the constitutional documents of Beijing Changxing, including but not limited to the sale, transfer, pledge or disposal of any or all of the equity interests in Beijing Changxing, and disposal of any or all of the assets in Beijing Changxing;
- to nominate and appoint the legal representatives, directors, supervisors, chief executive officer and other senior management of Beijing Changxing; and
- to determine and take actions for winding-up and dissolution of Beijing Changxing.

Each of the individual Registered Shareholders has undertaken that in the event that he becomes a natural person without civil capacity or a natural person with limited capacity for civil activity due to any reasons, his representatives or successors shall continue to perform his obligations and enjoy the benefits under the Contractual Arrangements subject to the terms of the Powers of Attorney.

The Powers of Attorney shall be valid during the term when such Registered Shareholder holds equity interests in Beijing Changxing, and shall not terminate unless (i) in writing by the WFOE or (ii) all the equity interests or assets of Beijing Changxing are transferred to the WFOE.

CONTRACTUAL ARRANGEMENTS

Loan Agreement

The WFOE and the Registered Shareholders entered into a loan agreement (the “Loan Agreement”) on September 16, 2020, pursuant to which, the WFOE agrees to provide an aggregate of RMB10.0 million to the Registered Shareholders on pro rata basis. An amount of RMB1.0 million was provided to the Registered Shareholders for their contribution to the registered share capital of Beijing Changxing pursuant to the Loan Agreement in 2015, and the remaining RMB9.0 million was provided to the Registered Shareholders for their contribution to the registered share capital of Beijing Changxing pursuant to the Loan Agreement in September 2020.

Pursuant to the Loan Agreement, the loans thereunder shall only be used for contributing funds as registered capital of Beijing Changxing unless otherwise approved by the WFOE. The loans thereunder shall be interest-free if the considerations for transfer of shares by the Registered Shareholders to the WFOE or its designated persons are not more than the principal of such loans; otherwise, the Registered Shareholders shall repay the amount equal to the difference between the considerations and the principal as the interests to the WFOE under the Loan Agreement. The loans will be repaid by the Registered Shareholders by way of transferring all their equity interests in Beijing Changxing to the WFOE, unless otherwise agreed by the WFOE.

The Loan Agreement shall be valid during the term commencing from November 10, 2017 and ending on the date when all the obligations under the Loan Agreement terminate.

Succession

Spousal Undertakings

On September 16, 2020, the spouse of each of the Registered Shareholders, as applicable, signed an undertaking (collectively, the “Spouse Undertakings”) to the effect, among others, that:

- each spouse confirmed and agreed that her spouse’s existing and future equity interests in Beijing Changxing (together with any other interests therein) are separate properties of her spouse; her spouse or the ultimate beneficial owners are entitled to deal with his own equity interests and any interests therein in Beijing Changxing in accordance with the respective Contractual Arrangements. Each spouse also further confirmed that she will fully assist to the performance of the respective Contractual Arrangements at any time;
- each spouse unconditionally and irrevocably waives any right or benefits on such equity interests and assets in accordance with applicable laws and confirms that she will not have any claim on such equity interests and assets;
- each spouse confirmed that her spouse may further amend or terminate the Contractual Arrangements or enter into other alternative documents without the need for authorization or consent by the spouse; and
- each spouse will be bound by the terms of the Contractual Arrangements as amended from time to time if she has obtained any equity interests, directly or indirectly, in Beijing Changxing for whatever reasons.

CONTRACTUAL ARRANGEMENTS

Our PRC legal advisors are of the view that (1) the above arrangements provide protection to our Group even in the event of death or divorce of any of such shareholder of Beijing Changxing and (2) the death or divorce of such shareholder would not affect the validity of the Contractual Arrangements, and the WFOE can still enforce its rights under the Contractual Arrangements against the successors of such shareholder.

Confirmation and Undertakings from the Registered Shareholders

Each of the Registered Shareholders has confirmed and undertaken to the effect that in the event of his death, incapacity, divorce or any other event which causes his inability to exercise his rights as a shareholder of Beijing Changxing, his successors, debtor, spouse or any other persons entitled to claim rights or interests in Beijing Changxing will be bound by Contractual Arrangements as if they were a party to relevant agreements and will success their rights and obligations under the respective Contractual Arrangements. Each of the Registered Shareholders has also confirmed that, among others, (1) the respective equity interests of the Registered Shareholders in Beijing Changxing are separate properties of such shareholders but not communal properties with his/her spouse, and (2) the respective shareholder is entitled to deal with his own equity interests and any interests therein in Beijing Changxing at his sole discretion.

Dispute Resolution

Each of the agreements under the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the Contractual Arrangements, any party has the right to submit the relevant dispute to the China International Economic and Trade Arbitration Commission (the “CIETAC”) for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be held in Beijing and the language used during arbitration shall be Chinese. The arbitration award shall be final and binding on all parties. The dispute resolution provisions also provide that subject to the requirements under PRC laws, the arbitral tribunal may award remedies over the shares or assets of our Consolidated Affiliated Entities or assets of the Registered Shareholders (as the case may be) or injunctive relief (e.g. limiting the conduct of business, limiting or restricting transfer or sale of shares or assets of our Consolidated Affiliated Entities) or order the winding up of our Consolidated Affiliated Entities; the WFOE may apply to the courts of the PRC, Hong Kong, the Cayman Islands (being the place of incorporation of our Company), and the places where the principal assets of our Consolidated Affiliated Entities are located for interim remedies or injunctive relief.

However, our PRC legal advisors have advised that the above provisions may not be enforceable under PRC laws and regulations. For instance, the arbitral tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of Beijing Changxing pursuant to current PRC laws and regulations. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands are subject to recognition and enforcement by PRC courts according to the applicable laws and regulations. Even if the abovementioned provisions may not be enforceable under PRC laws and regulations, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Contractual Arrangements.

CONTRACTUAL ARRANGEMENTS

As a result of the above, in the event that Beijing Changxing or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. See “Risk Factors—Risks Relating to Our Contractual Arrangements.”

Conflict of Interest

Each of the Registered Shareholders has given their irrevocable undertakings in the Powers of Attorney which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. For further details, see the sub-paragraph headed “—Our Contractual Arrangements— Powers of Attorney” above.

Loss Sharing

Under the relevant PRC laws and regulations, none of our Company and the WFOE is expressly legally required to share the losses of, or provide financial support to, Beijing Changxing. Further, Beijing Changxing is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. The WFOE intends to continuously provide to or assist Beijing Changxing in obtaining financial support when deemed necessary. In addition, given that our Group conducts all its business operations in the PRC through our Consolidated Affiliated Entities, which hold the requisite PRC operational licenses and approvals, and that their financial position and results of operations are consolidated into our Group’s financial statements under the applicable accounting principles, our Company’s business, financial position and results of operations would be adversely affected if our Consolidated Affiliated Entities suffer losses.

However, as provided in the Exclusive Option Agreement and the Exclusive Asset Acquisition Agreement, without the prior written consent of the WFOE, Beijing Changxing shall not, among others, dispose of any equity interests, asset of our Consolidated Affiliated Entities, execute any material contracts, provide any loan or guarantee to third parties or create any incumbrance on any asset of our Consolidated Affiliated Entities, or distribute any dividend. See “—Exclusive Option Agreement and Exclusive Asset Acquisition Agreement” for details. Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on the WFOE and our Company in the event of any loss suffered from the Consolidated Affiliated Entities can be limited to a certain extent.

Liquidation

Pursuant to the Contractual Arrangements, in the event of a mandatory liquidation required by the PRC laws and regulations, the Registered Shareholders shall give the proceeds they received from liquidation as a gift to the WFOE or its designee(s) to the extent permitted by the PRC laws and regulations.

CONTRACTUAL ARRANGEMENTS

Insurance

There are certain risks involved in our operations, in particular, those relating to our corporate structure and the Contractual Arrangements. A detailed discussion of material risks relating to our Contractual Arrangements is set forth in “Risk Factors—Risks Relating to Our Contractual Arrangements.” We have determined that the costs of insurance for the risks associated with business liability or disruption and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Accordingly, as of the Latest Practicable Date, our Company did not purchase any insurance to cover the risks relating to the Contractual Arrangements. For further details, see “Risk Factors—Risks Relating to Our Business and Industry—Our limited insurance coverage could expose us to significant costs and business disruption.”

Company’s Confirmation

As of the Latest Practicable Date, our Company had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

Circumstances under which We will Adjust or Unwind the Contractual Arrangements

We will adjust or unwind (as the case maybe) the Contractual Arrangements as soon as practicable in respect of the operation of the Relevant Businesses to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above, our PRC legal advisors are of the opinion that:

- (a) each of the WFOE and the Consolidated Affiliated Entities is a duly incorporated and validly existing company, and their respective establishment is valid, effective and complies with the relevant PRC laws and regulations; each of the individual Registered Shareholders is a natural person with full civil and legal capacity; and all parties to each of the Contractual Arrangements have obtained all necessary approvals and authorizations to execute and perform the Contractual Arrangements;

- (b) the Contractual Arrangements do not fall within the circumstances which will lead such arrangements to be void under the PRC Civil Code, including the following circumstances: (i) a civil juristic act performed by a person having no capacity for civil conducts; (ii) a civil juristic act performed by the actor and the counterparty based on false expression of intention; (iii) a civil juristic act violates the mandatory provisions of laws and administrative regulations; (iv) a civil juristic act violates of public order and morals; or (v) a civil juristic act with malicious collusion to damage the interest of a third party, etc;

CONTRACTUAL ARRANGEMENTS

- (c) each of the Contractual Arrangements is binding on the parties thereto;
- (d) none of the Contractual Arrangements violates any provisions of the articles of association of our WFOE or the Consolidated Affiliated Entities;
- (e) the parties to each of the Contractual Arrangements are not required to obtain any approvals or authorizations from the PRC governmental authorities, except that:
 - (i) the exercise of the option by the WFOE or its designee of its rights under the Exclusive Option Agreement to acquire all or part of the equity interests in Beijing Changxing is subject to the approvals of and/or registration with the PRC regulatory authorities;
 - (ii) any share pledge contemplated under the Equity Pledge Agreement is subject to the registration with local administration bureau for industry and commerce; and
 - (iii) the arbitration awards/interim remedies provided under the dispute resolution provision of the Contractual Arrangements shall be recognized by PRC courts before compulsory enforcement; and
- (f) each of the Contractual Arrangements is valid, legal and binding under PRC laws and regulations, except for the following provisions regarding dispute resolution: the Contractual Arrangements provide that any dispute shall be submitted to CIETAC for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing. They also provide that the arbitrator may award interim remedies over the shares or assets of our Consolidated Affiliated Entities or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of our Consolidated Affiliated Entities; and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and the PRC (being the place of incorporation of our Consolidated Affiliated Entities) shall also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares or properties of our Consolidated Affiliated Entities. However, our PRC legal advisors have advised that an arbitration tribunal has no power to grant injunctive relief nor will it be able to order the winding up order of companies under the PRC laws, and that interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands are subject to recognition and enforcement by PRC courts according to the applicable laws and regulations.

Our PRC legal advisors have advised us that based on the Consultation, adoption of the Contractual Arrangements is not prohibited by currently effective PRC laws or regulations, and thus the adoption of the Contractual Arrangements is unlikely to be ineffective or invalid under the applicable PRC laws and regulations. As such, our PRC legal advisors are of the view that the use of the Contractual Arrangements does not constitute a breach of the relevant PRC laws and regulations.

CONTRACTUAL ARRANGEMENTS

Based on the above analysis and advice from our PRC legal advisors, our Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be ineffective or invalid under the applicable PRC laws and regulations. See “Risk Factors—Risks Relating to Our Contractual Arrangements.”

We are aware of a Supreme People’s Court ruling (the “Supreme People’s Court Ruling”) made in October 2012 and two arbitral decisions from the Shanghai International Economic and Trade Arbitration Commission made in 2010 and 2011 which invalidated certain contractual agreements for the reason that the entry into of such agreements with the intention of circumventing foreign investment restrictions in the PRC contravened the prohibition against “concealing an illegitimate purpose under the guise of legitimate acts” set out in Article 52 of the PRC Contract Law and in Article 58 of the General Provisions of the PRC Civil Law. It has been further reported that these court rulings and arbitral decisions may increase (1) the possibility of PRC courts and/or arbitration panels taking similar actions against contractual structures commonly adopted by foreign investors to engage in restricted or prohibited businesses in the PRC and (2) the incentive for shareholders of Beijing Changxing under such contractual structures to renege on their contractual obligations. Pursuant to Article 52 of the PRC Contract Law, a contract is void under any of the following five circumstances: (1) the contract is concluded through the use of fraud or coercion by one party and thereby damages the interest of the State; (2) malicious collusion is conducted to damage the interest of the State, a collective unit or a third party; (3) the contract damages the public interest; (4) an illegitimate purpose is concealed under the guise of legitimate acts; or (5) the contract violates the mandatory provisions of the laws and administrative regulations. Furthermore, the PRC Civil Code came into effect on January 1, 2021 and the PRC Contract Law and the General Principles of the PRC Civil Law was repealed simultaneously. The PRC Civil Code no longer specifies “concealing illegal intentions with a lawful form” as the statutory circumstance of a void contract but stipulates certain circumstances which will lead to the invalidation of civil juristic acts, including the following circumstances: (1) a civil juristic act performed by a person having no capacity for civil conducts; (2) a civil juristic act performed by the actor and the counterparty based on false expression of intention; (3) a civil juristic act violates the mandatory provisions of laws and administrative regulations; (4) a civil juristic act violates of public order and morals; or (5) a civil juristic act with malicious collusion to damage the interest of a third party, etc. The provisions on the validity of civil juristic acts also apply to the validity of contracts. Our PRC legal advisors are of the view that the relevant terms of our Contractual Arrangements do not fall within the above circumstances which will lead such arrangements as invalid civil juristic act under the PRC Civil Code.

However, our PRC legal advisors also advised that as these laws, rules and regulations are subject to further implementation and interpretation, there can be no assurance that the relevant PRC government would ultimately take a view that is consistent with the above opinion of our PRC legal advisors.

CONTRACTUAL ARRANGEMENTS

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Under the Exclusive Business Cooperation Agreement, it was agreed that, in consideration of the services provided by the WFOE, Beijing Changxing shall pay service fees to the WFOE. The service fees shall equal 100% of the total consolidated profit of the Consolidated Affiliated Entities, after deduction of any accumulated deficit of such enterprises in the preceding financial year(s), working capital, expenses, taxes and other statutory contributions. The WFOE has the right to periodically receive or inspect the accounts of the Consolidated Affiliated Entities.

In addition, under the Exclusive Option Agreement, the WFOE has absolute contractual control over the distribution of dividends or any other amounts to the Registered Shareholders, as the WFOE's prior written consent is required before any distribution can be made. If the Registered Shareholders receive any income, profit distribution or dividend, they shall promptly transfer or pay, as part of the service fees under the Exclusive Business Cooperation Agreement, such income, profit distribution or dividend to the WFOE or any other person designated by the WFOE to the extent permitted under applicable PRC laws and regulations.

As a result of the Contractual Arrangements between the WFOE, Beijing Changxing and the Registered Shareholders, the WFOE is able to effectively control, recognize and receive all the economic benefit (after deduction of any accumulated deficit of the Consolidated Affiliated Entities in the preceding financial year(s), working capital, expenses, taxes and other statutory contributions) of the business and operations of the Consolidated Affiliated Entities. Accordingly, the Consolidated Affiliated Entities are treated as controlled structured entities of our Company and consolidated by our Company. The basis of consolidating the results of the Consolidated Affiliated Entities is disclosed in Note 2 to the Accountants' Report set out in Appendix I.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

Background of the FIL

On March 15, 2019, the second meeting of the 13th National People's Congress of PRC approved the PRC Foreign Investment Law (中華人民共和國外商投資法) (the "FIL") which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Implementation Rules of the PRC Foreign Investment Law (中華人民共和國外商投資法實施條例), which came into effect on January 1, 2020. The FIL replaced the PRC Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC and the Wholly Foreign-invested Enterprise Law of the PRC to become the legal foundation for foreign investment in the PRC. The FIL stipulates three specific forms of foreign investment, but does not explicitly stipulate the contractual arrangements as a form of foreign investment.

The Potential Impact of the FIL on the Contractual Arrangements

The FIL specifically stipulates three specific forms of foreign investment, namely, (1) establishment of a foreign invested enterprise in the PRC by a foreign investor, either individually or collectively with any other investor; (2) obtaining shares, equity interests, assets, interests or any other similar rights or interests of an enterprise in the PRC by a foreign investor; and (3) investment in any new construction project in the PRC by a foreign investor, either individually or collectively with any other investor.

CONTRACTUAL ARRANGEMENTS

The FIL does not explicitly stipulate the contractual arrangements as a form of foreign investment. As advised by our PRC legal advisors, provided that no additional laws, administrative regulations, departmental rules or other regulatory documents on contractual arrangements have been issued and enacted, the FIL does not, by itself, have any material adverse operational and financial impact on the legality and validity of our Company's Contractual Arrangements. Notwithstanding the above, the FIL stipulates that foreign investment includes "foreign investors invest through any other methods under laws, administrative regulations or provisions prescribed by the State Council." Therefore, further clarification and elaboration are needed regarding whether future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, whether our Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have a material adverse effect on the trading of our Shares. See "Risk Factors—Risks Relating to Our Contractual Arrangements." Our Company will disclose, as soon as possible, updates of changes to the FIL that will materially and adversely affect our Company as and when occur.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (a) major issues arising from the implementation of and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (b) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (c) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in its annual reports; and
- (d) our Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board with reviewing the implementation of the Contractual Arrangements, and review the legal compliance of the WFOE and the Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

CONNECTED TRANSACTIONS

We have entered into certain agreements with persons that will, upon the Listing, become our connected persons (as defined under Chapter 14A of the Listing Rules). Accordingly, following the Listing, the transactions contemplated thereunder will constitute our continuing connected transactions under the Chapter 14A of the Listing Rules.

CONNECTED PERSONS

The following sets forth our connected persons that we have entered into transactions with, which will constitute continuing connected transactions upon the Listing, and the details of their relationship with our Group:

- Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun are our Co-Founders, executive Directors and Controlling Shareholders; and
- Beijing Changxing is our PRC operating entity that is owned by our Co-Founders, executive Directors and Controlling Shareholders, namely Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following sets forth the non-exempt continuing connected transactions with our Group following the Listing.

As Beijing Changxing and the Registered Shareholders are our connected persons under the Listing Rules and one or more of the applicable percentage ratios of transactions in respect of the Contractual Arrangements is estimated to be more than 5%, the transactions under the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Group and will be subject to reporting, announcement, independent shareholders' approval, circular and annual review requirements under Chapter 14A of the Listing Rules.

Contractual Arrangements

As disclosed in the section headed "Contractual Arrangements," due to regulatory restrictions on foreign ownership in the PRC, we cannot directly or indirectly, hold any equity interest in our Consolidated Affiliated Entities which hold certain licenses and permits required for the operation of our businesses. As a result, our Group, through WFOE, has entered into Contractual Arrangements with Beijing Changxing and the Registered Shareholders to enable us to, among others, (i) receive substantially all of the economic benefits from the Consolidated Affiliated Entities in consideration for the services provided by our Company thereto; (ii) exercise effective control over the Consolidated Affiliated Entities; and (iii) hold an exclusive option to purchase all or part of the equity interests and assets in the Consolidated Affiliated Entities when and to the extent permitted by PRC laws.

The Contractual Arrangements consist of various types of documents. For detailed terms of these documents, see "Contractual Arrangements."

CONNECTED TRANSACTIONS

Listing Rules Implications

Beijing Changxing is owned as to 100% by our Co-Founders, and our Co-Founders are our executive Directors and Controlling Shareholders, therefore, Beijing Changxing and our Co-Founders are connected persons of our Company under Rule 14A.07 of the Listing Rules. Accordingly, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules following the Listing.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to our Group's legal structure and business operations, that such transactions have been and shall be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into between our Consolidated Affiliated Entities and any member of our Group ("New Intergroup Agreements" and each of them, a "New Intergroup Agreement") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement and independent shareholders' approval requirements.

Application for Waiver

In view of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with (i) the announcement, circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of setting a fixed term of no more than three years for the Contractual Arrangements under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject to the following conditions:

(a) *No change without independent non-executive Directors' approval*

No change to the Contractual Arrangements will be made without the approval of the independent non-executive Directors.

(b) *No change without independent Shareholders' approval*

Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our Company's independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no

CONNECTED TRANSACTIONS

further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will however continue to be applicable.

(c) Economic benefits flexibility

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through: (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests and assets in our Consolidated Affiliated Entities for consideration equivalent to the minimum purchase price permitted by applicable PRC laws and regulations or at the appraised value of the acquired assets if required by PRC laws and regulations; (ii) the business structure under which all the total consolidated profit of the Consolidated Affiliated Entities, after deduction of any accumulated deficit in respect of the preceding financial years, operating costs, expenses, taxes and other statutory contributions is retained by our Group, such that no annual cap shall be set on the amount of service fees payable to the WFOE under the exclusive business operation agreement; and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entities.

(d) Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and our Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executives or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however, be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(e) Ongoing reporting and approvals

We will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:

- the Contractual Arrangements in place during each financial period will be disclosed in our Company's annual reports and accounts in accordance with relevant provisions of the Listing Rules;

CONNECTED TRANSACTIONS

- our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contract entered into, renewed or reproduced between our Group and our Consolidated Affiliated Entities during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to the Shareholders, so far as our Group is concerned and in the interests of our Shareholders as a whole;
- our Company's auditors will carry out review procedures annually on the transactions pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange, confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group;
- for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person," our Consolidated Affiliated Entities will be treated as our Company's wholly-owned subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of our Consolidated Affiliated Entities and their respective associates will be treated as connected persons of our Company (excluding, for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and our Group, other than those under the Contractual arrangements, will be subject to requirements under Chapter 14A of the Listing Rules; and
- our Consolidated Affiliated Entities will undertake that, for so long as our Shares are listed on the Stock Exchange, our Consolidated Affiliated Entities will provide our Group's management and our Company's auditor full access to its relevant records for the purpose of our Company's auditor's review of the connected transactions.

In addition, we have also applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with the requirements of (1) the announcement, circular and independent shareholders' approval in respect of the transactions contemplated under any New Intergroup Agreements, (2) setting an annual cap for the transactions contemplated under any New Intergroup Agreements under Rule 14A.53 of the Listing Rules, and (3) limiting the term of any New Intergroup Agreement to three years or less under Rule 14A.52 of the Listing Rules, for so long as Shares are listed on the Stock Exchange. The waiver is subject to the conditions that the Contractual Arrangements subsist and that the Consolidated Affiliated Entities will continue to be treated as our Company's subsidiaries, and the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their respective

CONNECTED TRANSACTIONS

associates will be treated as connected persons of our Company (excluding, for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including, for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules. We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions.

DIRECTORS' VIEWS AND JOINT SPONSORS' VIEWS

Our Directors (including the independent non-executive Directors) are of the view that the transactions under the Contractual Arrangements have been entered into and are conducted (1) in the ordinary and usual course of business of our Group, (2) on normal commercial or better terms, (3) are fair and reasonable and in the interests of our Company and our Shareholders as a whole, (4) (i) the transactions contemplated under the Contractual Arrangements are fundamental to our legal structure and business operation, and (ii) in respect of the term of the relevant agreements underlying the Contractual Arrangements which is of a duration longer than three years, it is a justifiable and normal business practice to ensure that (a) the financial and operation of our Consolidated Affiliated Entities can be effectively controlled by the WFOE, (b) the WFOE can obtain the economic benefits derived from our Consolidated Affiliated Entities, and (c) any possible leakages of assets and values of our Consolidated Affiliated Entities can be prevented, on an uninterrupted basis. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any New Intergroup Agreements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the reporting, announcement, circular and independent shareholders' approval requirements.

Based on the relevant documents and information provided by our Group and reviewed by the Joint Sponsors, having made reasonable inquiries and after due and careful consideration, the Joint Sponsors (i) are of the view that the non-exempt continuing connected transactions described above, for which the waivers have been sought, have been entered into in the ordinary and usual course of business of our Group, on normal or better commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole, and (ii) are not aware of anything to cast doubt on the Directors' view that the Contractual Arrangements are fundamental to the Group's legal structure and business operation based on the advice of the Joint Sponsors' PRC legal advisors. With respect to the term of the relevant agreements underlying the Contractual Arrangements which is of a duration longer than three years, the Joint Sponsors are of the view that it is a justifiable and normal business practice to ensure that (1) the financial and operation of the Consolidated Affiliated Entities can be effectively controlled by the WFOE, (2) the WFOE can obtain the economic benefits derived from our Consolidated Affiliated Entities, and (3) any possible leakages of assets and values of our Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

The following table sets forth certain information regarding our Directors and senior management:

Name	Age	Position(s)	Date of Joining our Group	Date of Appointment as a Director/Senior Management	Roles and Responsibilities
<i>Directors</i>					
Mr. SONG Zhongjie (宋中傑)	57	Chairman, executive Director, and chief executive officer	July 11, 2014	July 11, 2014	Overall strategic planning, business direction and management of our Group
Mr. LI Jinlong (李金龍)	47	Executive Director and vice president	July 11, 2014	July 11, 2014	Supervising and managing marketing affairs of our Group
Mr. ZHU Min (朱敏) . . .	45	Executive Director	July 11, 2014	July 11, 2014	Supervising products development of our Group
Mr. DUAN Jianbo (段劍波)	47	Executive Director and vice president	July 11, 2014	July 11, 2014	Supervising and managing research and development and technical matters of the Group
Mr. LI Yuejun (李躍軍)	47	Executive Director and vice president	July 11, 2014	July 11, 2014	Supervising and managing operational matters of our Group
Mr. LI Bin (李斌)	49	Non-executive Director	February 2, 2015	February 2, 2015	Providing advice on business and investment strategies, general market trends, and other matters subject to the board guidance and approval
Mr. LI Feng (李豐)	50	Independent non- executive Director	June 28, 2024	June 28, 2024	Supervising and providing independent opinion and judgement to our Board
Mr. LI Jian (李健)	58	Independent non- executive Director	June 28, 2024	June 28, 2024	Supervising and providing Independent opinion and judgement to our Board
Ms. WU Wenjie (武文潔)	49	Independent non- executive Director	June 28, 2024	June 28, 2024	Supervising and providing Independent opinion and judgement to our Board
<i>Senior Management (excluding Directors)</i>					
Mr. JIANG Zhenyu (姜震宇)	50	Chief financial officer and joint company secretary	May 8, 2020	May 8, 2020	Finance, investments and capital market activities and corporate governance related matters of the Group
Mr. HUANG Ruimin (黃睿敏)	40	Vice president	February 1, 2021	February 1, 2021	Products development of our Group

None of our Directors and members of senior management are related to other Directors or members of senior management.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board currently consists of nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. The functions and duties of our Board include, among others, convening general meetings, implementing the resolutions passed at general meetings, determining business and investment plans, formulating our annual financial budget and financial accounts, and formulating our proposals for profit distributions as well as exercising other powers, functions and duties as conferred by the Articles of Association.

Executive Directors

Mr. SONG Zhongjie (宋中傑), aged 57, is our founder, chairman, executive Director and chief executive officer. Mr. SONG is responsible for the overall strategic planning, business direction and management of our Group, and oversees our management team. Mr. SONG has served as our Director and chief executive officer since our inception in July 2014. Mr. SONG also serves as director and general manager of our subsidiaries and Consolidated Affiliated Entities, including serving as a director and the chairman of the board of Beijing Changxing since its inception.

Mr. SONG has over 27 years of experience in the internet and technology industries. Prior to co-founding our Group, Mr. SONG, together with our other four executive Directors, co-founded *Didatuan* (嘀嗒團), a fast-growing group-buying website in China, in July 2010 and served as the chairman at Beijing Today Metropolis Information Technology Co., Ltd. (北京今日都市信息技術有限公司), the operating entity of *Didatuan*, from November 2010 to August 2016. Mr. SONG also obtains extensive experience in management and operations from his previous working experiences. From February 2006 to April 2010, Mr. SONG served at Google Information Technology (China) Co., Ltd. (谷歌信息技術(中國)有限公司), a subsidiary of Alphabet Inc., whose shares are listed on NASDAQ (ticker: GOOG), with his last position being the sales director of the greater China region. From May 2002 to November 2003, Mr. SONG served as the chief operating officer at Shanghai Primeton Information Technology Co., Ltd. (上海普元信息技術股份有限公司), the predecessor of Primeton Information Technology Co., Ltd. (普元信息技術股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 688118). Mr. SONG also served at China Hewlett-Packard Co., Ltd. (中國惠普有限公司), a subsidiary of Hewlett Packard Enterprise, whose shares are listed on the New York Stock Exchange (ticker: HPE), from April 1994 to August 2002 and from November 2003 to April 2005, where his last position was a sales manager.

Mr. SONG graduated from Beijing Institute of Technology (北京理工大學) where he majored in computer software in July 1989.

Mr. LI Jinlong (李金龍), aged 47, is our Co-Founder, executive Director and vice president. Mr. Li is primarily responsible for supervising and managing marketing affairs of our Group. Mr. Li has served as the vice president of our Group since July 2014 and was appointed as an executive Director in September 2020. Mr. Li also has served as a director and vice president of Beijing Changxing since its inception.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li has approximately 22 years of experience in the internet and technology industries. Prior to co-founding our Group, Mr. Li co-founded *Didatuan* (嘀嗒團) in July 2010 and served as a director at Beijing Today Metropolis Information Technology Co., Ltd. (北京今日都市信息技術有限公司), the operating entity of *Didatuan*, from November 2010 to August 2016. Prior to that, Mr. Li served as a senior channel manager at Google Information Technology (China) Co., Ltd. (谷歌信息技術(中國)有限公司), a subsidiary of Alphabet Inc., whose shares are listed on NASDAQ (ticker: GOOG), from January 2006 to April 2010. In 2015, he served at Guofeng Internet Software (Beijing) Co., Ltd. (國風因特軟件(北京)有限公司), one operating entity of Yahoo! Inc., whose shares were formerly listed on NASDAQ (ticker: YHOO). Mr. Li also successively served at Founder Technology Information Products Co., Ltd. (方正科技信息產品有限公司), a subsidiary of Founder Technology Group Corporation (方正科技股份有限公司) whose shares are listed on the Shanghai Stock Exchange (stock code: 600601), from September 1999 to March 2003, and at Huizhou TCL Computer Technology Company limited (惠州市TCL電腦科技有限責任公司) from August 2003 to March 2004 and from June 2004 to October 2004.

Mr. Li graduated from Beijing Institute of Technology (北京理工大學) with a bachelor's degree in economics in July 1998. He also completed an MBA program at the National School of Development at Peking University (北京大學國家發展研究院) in April 2010.

Mr. ZHU Min (朱敏), aged 45, is our Co-Founder and executive Director. Mr. Zhu is primarily responsible for supervising products development of our Group. Mr. Zhu served as the vice president of our Group from July 2014 to June 2021 and was appointed as an executive Director in September 2020. Mr. Zhu also has served as a director of Beijing Changxing since its inception.

Mr. Zhu has approximately 22 years of experience in brand and channel management of fast moving consumer goods as well as the internet industry. Prior to co-founding our Group, Mr. Zhu co-founded *Didatuan* (嘀嗒團) in July 2010 and served as the manager at Beijing Today Metropolis Information Technology Co., Ltd. (北京今日都市信息技術有限公司), the operating entity of *Didatuan*, from October 2010 to August 2016. Prior to that, Mr. Zhu served as a project development manager at Google Information Technology (China) Co., Ltd. (谷歌信息技術(中國)有限公司), a subsidiary of Alphabet Inc., whose shares are listed on NASDAQ (ticker: GOOG), from February 2007 to April 2010. He also once served at The Procter & Gamble Company, a company listed on the New York Stock Exchange (ticker: PG), where he was employed from September 2000 to September 2006.

Mr. Zhu obtained a bachelor's degree in management from Nanjing University (南京大學) in July 2000 and an MBA from The Hong Kong University of Science and Technology in November 2010.

Mr. DUAN Jianbo (段劍波), aged 47, is our Co-Founder, executive Director and vice president. Mr. Duan is primarily responsible for supervising and managing research and development and technical matters of our Group. Mr. Duan has served as the vice president of our Group since our inception in July 2014 and was appointed as an executive Director in September 2020. Mr. Duan has also served as a director of Beijing Changxing since July 2015.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Duan has more than 17 years of experience in the internet and technology industries. Prior to co-founding our Group, Mr. Duan co-founded *Didatuan* (嘀嗒團) in July 2010 and served as a director at Beijing Today Metropolis Information Technology Co., Ltd. (北京今日都市信息技術有限公司), the operating entity of *Didatuan*, from September 2010 to August 2016. From December 2006 to July 2010, Mr. Duan successively served as a technical manager and internet business department manager at Aibang Juxin (Beijing) Technology Co., Ltd. (愛幫聚信(北京)科技有限公司), a company primarily engaged in software development. From August 2004 to June 2005, Mr. Duan served as a technical consultant at ClENET Technologies Co. Ltd. (瞬聯軟件科技(北京)有限公司). From July 2005, Mr. Duan served as a software engineer at Motorola Solutions (China) Co., Ltd. (摩托羅拉系統(中國)有限公司) (formerly known as Motorola Electronics (China) Co., Ltd. (摩托羅拉電子(中國)有限公司)), a subsidiary of Motorola Solutions, Inc., whose shares are listed on the New York Stock Exchange (ticker: MSI). He also served as a software engineer at Baidu Online Network Technology (Beijing) Limited (百度在線網絡技術(北京)有限公司), a subsidiary of Baidu, Inc., a company listed on NASDAQ (ticker: BIDU) at its early start-up stage from November 2001 to April 2003.

Mr. Duan graduated from Peking University (北京大學) with a bachelor's degree in computer software as well as a bachelor's degree in economics in July 1998. He further obtained a master's degree in computer software and theory from Beijing University of Posts and Telecommunications (北京郵電大學) in April 2001.

Mr. LI Yuejun (李躍軍), aged 47, is our Co-Founder, executive Director and vice president. Mr. Li is primarily responsible for supervising and managing the operational matters of our Group. Mr. Li has served as the vice president of our Group since July 2014 and was appointed as an executive Director in September 2020. Mr. Li has also served as a director of Beijing Changxing since December 2019 and a vice president of Beijing Changxing since its inception.

Mr. Li has over 17 years of experience in the internet and technology industries. Prior to joining our Group, Mr. Li co-founded *Didatuan* (嘀嗒團) in July 2010 and served as a vice president at Beijing Today Metropolis Information Technology Co., Ltd. (北京今日都市信息技術有限公司), the operating entity of *Didatuan*, from September 2010 till founding our Group. Prior to that, in January 2007, Mr. Li joined Google Information Technology (Shanghai) Co., Ltd. (咕果信息技術(上海)有限公司), a subsidiary of Alphabet Inc., whose shares are listed on NASDAQ (ticker: GOOG) and served as an account manager and southern channel account manager. From July 2004 to January 2007, Mr. Li also served at Nokia (China) Investment Co. Ltd. (諾基亞(中國)投資有限公司), a former subsidiary of Nokia Corporation, whose shares are listed on the New York Stock Exchange (ticker: NOK), with his last position being a regional sales manager.

Mr. Li graduated from Xi'an Polytechnic University (西安工程大學) (formerly known as Northwest Textile Institute (西北紡織工學院)) with a bachelor's degree in management engineering in July 1999. He further obtained a master's degree in business administration from Sun Yat-sen University (中山大學) in June 2005.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Mr. LI Bin (李斌), aged 49, is our non-executive Director. Mr. Li is primarily responsible for advising on business and investment strategies, general market trends, and other matters subject to the board guidance and approval. Mr. Li has been our Director since February 2015, and has also served as a director of Beijing Changxing since July 2015.

Mr. Li has more than 22 years of experience in the internet and automobile industries. Mr. Li founded NIO Inc., whose shares are concurrently listed on the New York Stock Exchange (ticker: NIO), the Stock Exchange (stock code: 9866) and The Singapore Exchange Limited (ticker: NIO) and has served as its chairman since November 2014 and chief executive officer since March 2018. Since July 2021, Mr. Li has served as a director of Uxin Limited, a leading e-commerce platform for buying and selling used cars in China, whose shares are listed on NASDAQ (ticker: UXIN). In 2000, Mr. Li co-founded Beijing Bitauto E-Commerce Co., Ltd. (北京易車電子商務有限公司) and served as its director and president until 2006. From 2010 to 2020, Mr. Li served as chairman of the board of directors at Bitauto Holdings Limited (previously listed on NYSE with stock code BITA), a former NYSE-listed automobile service company and a leading automobile service provider in China. In 2002, Mr. Li co-founded Beijing Creative & Interactive Digital Technology Co., Ltd. (北京新意互動數字技術有限公司) as the chairman of the board of directors and had served as its president and director.

Mr. Li received his bachelor's degree in sociology from Peking University (北京大學) in July 1996.

Mr. Li is beneficially interested in certain of our Pre-IPO Investors and will have deemed interests in approximately 6.21% of our issued share capital upon the Listing. See “History and Corporate Structure —Pre-IPO Investments” and “Substantial Shareholders” for details.

Independent Non-executive Directors

Mr. LI Feng (李豐), aged 50, is an independent non-executive Director of our Company. He is primarily responsible for supervising and providing independent judgement to our Board. Mr. Li has approximately 22 years of experience in investment and corporate management. Mr. Li founded Shanghai Ziyou Investment Management Limited (上海自友投資管理有限公司) (also known as *FreeS Fund* (峰瑞資本)), a venture capital firm managing funds primarily investing in early and growth stage startups in China and overseas, and has served as its director and partner since August 2015. Prior to that, Mr. Li served as a partner in the VC department in IDG Capital, a global network of private equity and venture capital firms from May 2008 to July 2015. From January 2000 to January 2007, he also served at New Oriental Education & Technology Group Inc., a leading provider of private educational services in China whose shares are listed on the New York Stock Exchange (ticker: EDU), with his last position being an assistant vice president.

Mr. Li has served as an independent director of Bilibili Inc., a leading Chinese video sharing platform whose shares are listed on NASDAQ (ticker: BILI) since February 2019.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li was consecutively ranked among the Top 100 Best Chinese Venture Investors (中國最佳創投人100強) in 2019, 2020 and 2021 by Forbes China. Mr. Li graduated from Peking University (北京大學) with a bachelor of science degree in applied chemistry in July 1996. He further obtained a master of science degree in chemistry from University of Rochester in the USA in May 1998. Mr. Li holds a PRC investment fund qualification certificate (中國證券投資基金業從業證書) issued by Asset Management Association of China (中國證券投資基金業協會) in December 2016.

Mr. LI Jian (李健), aged 58, is an independent non-executive Director of our Company. He is primarily responsible for supervising and providing independent judgement to our Board. From January 2005 to June 2018, Mr. Li served as the general manager of Beijing Hugeland Technology Co., Ltd. (北京惠捷朗科技有限公司), a subsidiary of Beijing TongTech Company Limited (北京東方通科技股份有限公司) whose shares are listed on the Shanghai Stock Exchange (stock code: 300379) and served as the chairman until June 2018. Prior to that, Mr. Li also served as an assistant engineer at China Hewlett-Packard Co., Ltd. (中國惠普有限公司), which is currently a subsidiary of Hewlett Packard Enterprise, a company listed on the New York Stock Exchange (ticker: HPE).

Mr. Li graduated from Tongji University (同濟大學) with a bachelor's degree in July 1987 where he majored in electronic instrument and measuring technology.

Ms. WU Wenjie (武文潔), aged 49, is an independent non-executive Director of our Company. She is primarily responsible for supervising and providing independent judgement to our Board. Ms. Wu is currently an independent director of Xunlei Limited, a company listed on NASDAQ (ticker: XNET). Ms. Wu is also currently an independent non-executive director of Kingsoft Corporation Limited, a company listed on the Stock Exchange (stock code: 3888), and an independent non-executive director of Aquila Acquisition Corporation, a company listed on the Stock Exchange (stock code: 7836). Ms. Wu served as an independent director of BlueCity Holding Ltd., a company formerly listed on NASDAQ (ticker: BLCT), from July 2020 to August 2022. Ms. Wu served as the chief investment officer of New Hope Group from November 2018 to February 2020. Ms. Wu served as managing partner of Baidu Capital from November 2016 to November 2018. Ms. Wu successively served as deputy chief financial officer, chief financial officer and chief strategy officer of Ctrip.com, a company listed on NASDAQ (ticker: CTRP), from December 2011 to November 2016. Ms. Wu was an equity research analyst covering China internet and media industries in Morgan Stanley Asia Limited and in Citigroup Global Markets Asia Limited from 2005 to 2011. Prior to that, Ms. Wu worked for China Merchants Holdings (International) Company Limited, a company listed on the Stock Exchange (stock code: 0144) for three years.

Ms. Wu has a Ph.D. degree in Finance from the University of Hong Kong, a master's degree in Finance from the Hong Kong University of Science and Technology, and both a master's degree and a bachelor's degree in Economics from Nankai University (南開大學). Ms. Wu has been a Chartered Financial Analyst (CFA) since 2004.

DIRECTORS AND SENIOR MANAGEMENT

Legal Proceedings Involving One Director

Mr. LI Bin, our non-executive Director, has been named as a defendant in two ongoing securities class action lawsuits (collectively, the “NIO Lawsuits”) filed by certain investors against NIO Inc. (“NIO”). The complaints were filed in the United States District Court for the Eastern District of New York, captioned *In re NIO, Inc. Securities Litigation*, No. 1:19-cv-01424-NGG-JRC (the “EDNY Action”) and in the United States District Court for the Southern District of New York, captioned *Saye v. NIO Inc. et al.*, No. 1:22-cv-07252/*Bohonok v. NIO Inc. et al.*, No. 1:22-cv-07666 (the “SDNY Action”). Together with certain current and/or former directors and/or officers of NIO and, in the case of the EDNY Action, the underwriters of NIO’s public offering, Mr. Li is named as a defendant in these actions in his capacity as the chief executive officer, director and chairman of the board of directors of NIO.

The EDNY Action, which was initially filed in March 2019 and amended in September 2020, alleges that NIO made false and misleading statements and/or omissions in its registration statement and prospectus filed with the U.S. Securities and Exchange Commission in connection with NIO’s initial public offering in September 2018, including statements regarding NIO’s plan to build a manufacturing facility in Shanghai. This case is currently in the discovery stage. The court denied NIO’s motion to dismiss in August 2021, and granted plaintiffs’ motion for class certification in August 2023. In April 2024, the plaintiffs notified the court their intention to file a motion for summary judgment on their certain factual allegations. Briefing on the plaintiffs’ motion for summary judgment and defendants’ cross-motion for summary judgment in their favor is set to begin in the fall of 2024 and be completed in the middle of 2025. The SDNY Action, where complaints were filed in August and September 2022, alleges that NIO made false and misleading statements between August 2020 and July 2022 regarding NIO’s accounting treatment for certain transactions. The SDNY Action is in its preliminary stage. The court has yet to rule on NIO’s motion to dismiss. Mr. Li has not yet been served in the SDNY Action.

In both cases, plaintiffs seek monetary damages for alleged losses suffered as a result of these alleged misrepresentations or omissions. The damages sought have yet to be ascertained. In the event a court finds that NIO violated the U.S. federal securities laws as alleged, it could award damages to plaintiffs and other class members for losses suffered and that plaintiffs are able to prove at trial. In addition to the two pending lawsuits mentioned above, Mr. Li was named as a defendant in two other lawsuits filed by certain investors in 2019 in the Supreme Court of the State of New York, County of New York (captioned *In re NIO Inc. Securities Litigation*, No. 653422/2019) and the Supreme Court of the State of New York, County of Kings (*Sumit Agarwal v. NIO Inc. et al.*, No. 505647/2019), which made allegations concerning NIO’s public filings. The operative complaint in the New York County case alleges that NIO’s Registration Statement contained misstatements or omissions regarding (i) certain quality and design issues in an electric vehicle (EV) model made by NIO and (ii) the impact of reduction in government subsidies for EVs on NIO’s sales and competitive advantage. Plaintiffs claim that these misstatements or omissions violated Sections 11, 12(a) and 15 of the Securities Act of 1933. The complaint in the Kings County case alleges that NIO’s Registration Statement contained misstatements or omissions regarding (i) NIO’s plan to build a manufacturing facility in Shanghai and (ii) the impact of reduction in government subsidies for EVs on NIO’s sales. Plaintiffs claim that these misstatements or omissions violated Sections 11, 12(a) and 15 of the

DIRECTORS AND SENIOR MANAGEMENT

Securities Act of 1933. The New York County case was terminated after the New York Appellate Division affirmed dismissal of plaintiffs' complaint in December 2022 primarily based on that (i) the complaint fails to allege facts supporting plaintiffs' allegations that NIO and other defendants made misstatements regarding the quality and design of a certain vehicle model produced by NIO and the impact of government subsidies for electric vehicles on NIO's sales; and (ii) NIO's risk warnings in its securities filings and other public disclosures were accurate and complete, thereby precluding plaintiffs' claims. The Kings County case has been and remains inactive since the filing of the complaint in March 2019, with no judge assigned and no obligation on the part of any of the defendants to answer the complaint. As of the Latest Practicable Date, apart from the foregoing, we are not aware of any other regulatory investigation or litigation in the U.S. that is against NIO or involves Mr. Li in the capacity as NIO's director and officer. No court has made a dispositive ruling on the substance of any claims in these NIO Lawsuits.

Mr. Li confirmed that he consistently acts in good faith when discharging his duties and responsibilities as a director and chief executive officer of NIO and to his knowledge has not directly or indirectly induced any act that may constitute misconduct in management, or breach of fiduciary duties under any applicable securities laws, acts or regulations. Mr. Li and NIO believe that the NIO Lawsuits are without merit and intend to defend the actions vigorously.

Mr. Li joined us in 2015 and has served as a non-executive Director since then. Given (1) that Mr. Li has consistently acted in good faith in the interests of our Company when serving as our non-executive Director and has duly applied his extensive experiences and extensive resources to support our development; (2) that no court has made a dispositive ruling on the substance of any plaintiffs' claims in these NIO Lawsuits, and based on our due enquiry and review of related documents and disclosures, including related court filings, independent media reports and NIO's public disclosure relating to the aforementioned NIO Lawsuits or matters alleged, to the best of our knowledge, we are not aware of any affirmative specific facts that make us to believe that Mr. Li is unsuitable to act as a director of a listed company or that the monetary damages sought in the NIO Lawsuits would disqualify Mr. Li from acting as a director of a public company listed in the United States; (3) that based on the background check and litigation searches conducted by independent third parties, we are not aware of any other disputes, litigations or regulatory disciplinary actions or investigations against Mr. Li; (4) Mr. Li's deep experience in the internet and automobile industries, including successfully serving as chairman of NIO Inc., whose shares are concurrently listed on the the Stock Exchange (stock code: 9866), New York Stock Exchange (ticker: NIO) and The Singapore Exchange Limited (ticker: NIO), for over nine years, and chairman of Bitauto Holdings Limited, a company previously listed on the New York Stock Exchange, for over 15 years, our Directors are of the view that the NIO Lawsuits do not impact Mr. Li's suitability to serve as a Director of our Company under Rule 3.08 and 3.09 of the Listing Rules. Excepting the NIO Lawsuits disclosed above, our Directors confirmed that to the best of their knowledge, there is no other matter that needs to be brought to the attention of the Stock Exchange and Shareholders relating to Mr. Li during his tenure at our Company.

DIRECTORS AND SENIOR MANAGEMENT

Our Directors believe that such NIO Lawsuits are not uncommon among companies listed in the United States. Given that (1) none of the NIO Lawsuits involve any companies within our Group; and (2) Mr. Li, as a non-executive Director of our Company, has not participated in the day-to-day management of our Company, our Directors do not believe that the NIO Lawsuits will have any material adverse impact on the business and/or operations of our Group despite the uncertainty of their outcomes. Our Company will closely monitor the developments of the NIO Lawsuits and will review the above should the facts change, new information become available or the cases proceed further.

Based on the currently available information and independent due diligence work conducted by the Joint Sponsors, including but not limited to, (1) reviewing the court documents made available to the Joint Sponsors and public record and announcements issued by NIO relating to the NIO Lawsuits, (2) reviewing the background search report and litigation and winding-up search report conducted by independent third-party vendors with respect to, among others, Mr. Li, and (3) conducting interview with Mr. Li, the Joint Sponsors concur with the Directors' view on the suitability of Mr. Li to serve as a Director as stated above.

Save as disclosed herein, none of our Directors has been a director of any listed companies during the three years immediately prior to the Latest Practicable Date and there is no other information in respect of the Directors to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules or other matter that needs to be brought to the attention of the Shareholders.

In addition, our Directors have confirmed that to their best knowledge and belief, as of the Latest Practicable Date, none of our Directors was interested in or engaged in any business, which, competes or is likely to compete, directly or indirectly, with our Group's business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

SENIOR MANAGEMENT

Mr. SONG Zhongjie (宋中傑), aged 57, is our founder, chairman, executive Director and chief executive officer. Mr. SONG is responsible for the overall strategic planning, business direction and management of our Group, and oversees our management team. See “—Directors—Executive Directors” for details.

Mr. LI Jinlong (李金龍), aged 47, is our co-founder, executive Director and vice president. Mr. Li is primarily responsible for the overall supervision and management of marketing affairs of our Group. See “—Directors —Executive Directors” for details.

Mr. DUAN Jianbo (段劍波), aged 47, is our co-founder, executive Director and vice president. Mr. Duan is primarily responsible for the overall supervision and management of research and development and technical matters of our Group. See “—Directors—Executive Directors” for details.

DIRECTORS AND SENIOR MANAGEMENT

Mr. LI Yuejun (李躍軍), aged 47, is our co-founder, executive Director and vice president. Mr. Li is primarily responsible for the overall supervision and management of operational matters of our Group. See “—Directors —Executive Directors” for details.

Mr. JIANG Zhenyu (姜震宇), aged 50, is our chief financial officer and a joint company secretary, and is primarily responsible for finance, investments and capital market activities and corporate governance related matters of our Group. Mr. Jiang has joined our Group in May 2020 and was appointed as our chief financial officer and joint company secretary in May 2020 and September 2020, respectively.

Mr. Jiang has more than 14 years of experience in financial management and legal practices. Mr. Jiang has served as an independent non-executive director of Li Auto Inc., a company whose shares are listed on NASDAQ (ticker: LI) and the Stock Exchange (stock code: 2015) since August 2021. Prior to joining our Group, Mr. Jiang served as the chief financial officer of Cheetah Mobile Inc., a company whose shares are listed on the New York Stock Exchange (ticker: CMCM), from April 2017 to January 2020. Prior to that, Mr. Jiang founded and operated a startup tech company. From February 2014 to October 2015, Mr. Jiang served as the chief financial officer at 9F Inc., a company whose shares are listed on NASDAQ (ticker: JFU). From September 2008 to March 2014, he worked as an associate at Skadden, Arps, Slate, Meagher & Flom LLP. Mr. Jiang also served as an engineer at BorgWarner, Inc., a company whose shares are listed on the New York Stock Exchange (ticker: BWA) from January 2000.

Mr. Jiang graduated from Tsinghua University (清華大學) with a bachelor’s degree and a master’s degree in automotive engineering in July 1995 and June 1998, respectively. He further obtained a master’s degree from Pennsylvania State University in December 1999 and a juris doctor degree from Cornell Law School in May 2008. Mr. Jiang qualified as a registered attorney at law in the State of New York in January 2009 and was also recognized as a Chartered Financial Analyst by CFA Institute in the USA in April 2013.

Mr. Jiang, as the former chief financial officer of Cheetah, together with certain other current and former directors and senior officers of Cheetah, were named as a defendant in several securities class action lawsuits (the “Cheetah Class Actions”) since November 2017 filed by certain investors against Cheetah Mobile Inc. (“Cheetah”) and others in the District Court for the Central District of California and the District Court for the Southern District of New York. As of the Latest Practicable Date, all the Cheetah Class Actions were dismissed either voluntarily by the plaintiffs or by court by granting the motions to dismiss based on the conclusion that the statements challenged by the plaintiffs are neither false nor misleading and such plaintiffs do not adequately plead knowledge on the part of any defendant.

DIRECTORS AND SENIOR MANAGEMENT

Mr. HUANG Ruimin (黃睿敏), aged 40, joined our Group in February 2021 and has been our vice president since then. He is primarily responsible for the management of products development of our Group.

Mr. Huang has over 11 years of experience in the internet and technology industries. Prior to joining our Group, Mr. Huang served as the products director at Beijing Liveme Technology Co., Ltd. (北京樂我無限科技有限公司) from May 2017. From June 2016 to May 2017, Mr. Huang served as the products director at Beijing Kingsoft Security Software Co., Ltd. (北京金山安全軟件有限公司), a subsidiary of Cheetah Mobile Inc., a company whose shares are listed on New York Stock Exchange (ticker: CMCM). From May 2011 to May 2016, Mr. Huang served as a products operation specialist at Zhuhai Juntian Electronics Technology Co., Ltd. (珠海市君天電子科技有限公司), a subsidiary of Cheetah Mobile Inc..

Mr. Huang graduated from Xiamen University (廈門大學) with a bachelor's degree in electronics information science and technology in July 2006. He further obtained a master's degree in applied information technology from Monash University in Australia in October 2010.

JOINT COMPANY SECRETARIES

Mr. JIANG Zhenyu (姜震宇), is our chief financial officer and a joint company secretary. See “—Senior Management” for details.

Ms. SO Ka Man (蘇嘉敏), is one of our joint company secretaries and has been appointed with effect from the Listing Date.

Ms. So is a director of corporate services of Tricor Services Limited and has over 20 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. She is currently acting as the company secretary or joint company secretary of a few listed companies on the Stock Exchange.

Ms. So is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute (“HKCGI”) and The Chartered Governance Institute in the United Kingdom. She is a holder of the Practitioner’s Endorsement from HKCGI. Ms. So obtained a bachelor’s degree in arts (accountancy) from the Hong Kong Polytechnic University.

BOARD COMMITTEES

Audit Committee

Our Company has established the Audit Committee, with effect from the Listing Date, on June 13, 2024 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Ms. WU Wenjie, Mr. LI Jian and Mr. LI Feng. Ms. Wu Wenjie is the chairlady of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, review and oversee the existing and potential risks of our Group and perform other duties and responsibilities as assigned by our Board.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

Our Company has established the Remuneration Committee, with effect from the Listing Date, on June 13, 2024 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Remuneration Committee has three members, namely Mr. SONG, Mr. LI Jian and Mr. LI Feng. Mr. LI Jian is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangement.

Nomination Committee

Our Company has established the Nomination Committee, with effect from the Listing Date, on June 13, 2024 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. SONG, Mr. LI Feng and Mr. LI Jian. Mr. SONG is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

BOARD DIVERSITY

We have adopted our Board diversity policy (“Board Diversity Policy”) on June 13, 2024 which sets out the objective and approach to achieve and maintain diversity on our Board in order to enhance the effectiveness of our Board. Our Board Diversity Policy provides that our Company should endeavor to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy, and when nominate and appoint a Director, with the assistance of the Nomination Committee, the Board will consider a number of factors to diversify our board composition, including but not limited to professional experience, skills, knowledge, gender, age, cultural and educational background, ethnicity, length of service and the potential contributions that the candidate is expected to bring to our Board, in order to better serve the needs and development of our Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to our Board. After the Listing, our Nomination Committee will review our Board Diversity Policy at least annually to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of our Board Diversity Policy on an annual basis.

Our Directors are of the view that our Board will satisfy the board diversity policy after the Listing. We only have one female Director on our Board upon the Listing and we will continue to improve the gender diversity at the Board level after the Listing. We will continue to apply the principle of appointments based on merits with reference to our diversity policy as a whole. Our Company is committed to board diversity and will maintain at least one Director of different gender in our Board after the Listing. In addition, our Board will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. We will take into consideration of gender diversity when recruit staff at mid to

DIRECTORS AND SENIOR MANAGEMENT

senior level management and continue to emphasize training of female talent and providing long-term development opportunities for our female staff. Our Board and the Nomination Committee will also conduct annual review on our gender diversity and will take into consideration of gender diversity when recommend and appoint new board members to further enhance the gender diversity in our Board after Listing.

MANAGEMENT PRESENCE

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, see “Waivers from Strict Compliance with the Listing Rules and Exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Management Presence.”

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Group is expected to comply with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, except for the deviation from the code provision C.2.1 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Mr. SONG is the chairman of our Board and the chief executive officer of our Company and he has been managing the business and supervising the overall operations of our Group since its inception. Our Directors consider that vesting the roles of the chairman of our Board and the chief executive officer of our Company in Mr. SONG is beneficial to the management and business development of our Group and will provide a strong and consistent leadership to our Group. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Save for disclosed in this section, our Group is expected to comply with all the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on February 9, 2023, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive remuneration from our Company in the form of fees, salaries, contributions to pension schemes, discretionary bonuses, allowances, share-based payment, social insurance benefits, other benefits in kind.

The aggregate amount of remuneration (including salaries, share-based payment, bonus, retirement benefits and other benefits) paid to our Directors for the years ended December 31, 2021, 2022 and 2023 was approximately RMB4.0 million, RMB3.9 million and RMB92.3 million, respectively.

The aggregate amount of fees, salaries, contributions to pension schemes, discretionary bonuses, allowances, share-based payment and other benefits paid to our five highest paid individuals of our Company, including Directors, during the years ended December 31, 2021, 2022 and 2023, was approximately RMB26.4 million, RMB24.9 million and RMB97.6 million, respectively.

It is estimated that remuneration and benefits in kind equivalent to approximately RMB5.3 million in aggregate will be paid and granted to our Directors and senior management by us in respect of the financial year ending December 31, 2024 under arrangements in force as at the date of this prospectus.

No remuneration was paid by us to our Directors and senior management or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended December 31, 2021, 2022 and 2023. Further, none of our Directors and senior management had waived any remuneration during the same period.

Save as disclosed above and in the section headed “Statutory and General Information—D. Share Incentive Schemes” in Appendix IV and Appendix I to this prospectus, no other payments have been made or are payable in respect of the years ended December 31, 2021, 2022 and 2023 by our Group to the Directors and senior management.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management on which, following the Listing, advice will be received from the Remuneration Committee taking into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management and performance of our Group.

COMPETING INTERESTS

Each of our Directors confirms that he/she or his/her respective close associates do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

We have appointed CMBC International Capital Limited as our compliance advisor (the “Compliance Advisor”) upon listing of our Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will provide advice to us when consulted by us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares of our Company or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date and this appointment may be subject to extension by mutual agreement.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

Our authorized share capital as of the date of this prospectus was US\$200,000 divided into (1) 1,381,680,687 Ordinary Shares of a par value of US\$0.0001 each, (2) 68,750,000 Series A Preferred Shares of a par value of US\$0.0001 each, all of which are designated as Series A-1 Preferred Shares of a par value of US\$0.0001 each, (3) 68,750,000 Series B Preferred Shares of a par value of US\$0.0001 each, (4) 139,203,651 Series C Preferred Shares of a par value of US\$0.0001 each, (5) 67,967,308 Series D-1 Preferred Shares of a par value of US\$0.0001 each, and (6) 273,648,354 Series E-1 Preferred Shares of a par value of US\$0.0001 each.

Our issued and outstanding share capital as of the date of this prospectus consisted of (1) 336,569,540 Ordinary Shares, (2) 68,750,000 Series A Preferred Shares of a par value of US\$0.0001 each, all of which are designated as Series A-1 Preferred Shares of a par value of US\$0.0001 each, (3) 68,750,000 Series B Preferred Shares of a par value of US\$0.0001 each, (4) 139,203,651 Series C Preferred Shares of a par value of US\$0.0001 each, (5) 67,967,308 Series D-1 Preferred Shares of a par value of US\$0.0001 each, and (6) 273,648,354 Series E-1 Preferred Shares of a par value of US\$0.0001 each.

Our authorized, issued and outstanding share capital immediately upon completion of the Global Offering will be as follows:

Share capital immediately upon completion of the Global Offering⁽¹⁾	Aggregate nominal value (US\$)	Approximate percentage of issued share capital immediately upon completion of the Global Offering
2,000,000,000 authorized Shares		
954,888,853 Shares in issue ⁽²⁾	95,488.8853	96.07%
39,091,000 Shares to be issued under the Global Offering	<u>3,909.1000</u>	<u>3.93%</u>
993,979,853 Shares in total	<u><u>99,397.9853</u></u>	<u><u>100.0%</u></u>

(1) See “—Assumptions” below for the assumption of such share capital.

(2) Each Preferred Share will be automatically converted and re-designated into one Ordinary Share upon the Listing.

SHARE CAPITAL

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issuance of Shares pursuant to the Global Offering is made as described herein. It assumes the Over-allotment Option is not exercised and does not take into account any Shares that may be issued under the Share Incentive Schemes or any Shares that may be allotted and issued or repurchased pursuant to the general mandate given to the Directors for allotment and issuance of Shares referred to in Appendix IV in this prospectus or the repurchase mandate referred to in Appendix IV to this prospectus, as the case may be.

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and will rank equally in all respects with all Shares in issue or to be issued as set out in the above table, and will qualify and rank equally for all dividends or other distributions declared, made or paid after the date of this Prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

After completion of the Global Offering, our Company will have only one class of Shares, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Act and the terms of our Memorandum and Articles of Association, our Company may from time to time by ordinary resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by special resolution. For more details, please see “Summary of the Constitution of the Company and Cayman Islands Company Law—Summary of the Constitution of the Company—2.4 Alteration of capital” in Appendix III.

Pursuant to the Cayman Companies Act and the terms of our Memorandum and Articles of Association, all or any of the special rights attached to the Shares or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For more details, please see “Summary of the Constitution of the Company and Cayman Islands Company Law—Summary of the Constitution of the Company—2.3 Variation of rights of existing shares or classes of shares” in Appendix III. Further, our Company will also hold general meetings from time to time as may be required under the Articles, a summary of which is set out in “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES AND GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions set forth in “Structure of the Global Offering—Conditions of the Global Offering,” our Directors have been granted a general unconditional mandate on March 31, 2023 to allot, issue and deal with up to 20% Shares of as well as to repurchase up to 10% Shares of the total issued share capital of our Company immediately upon the completion of the Global Offering (excluding the treasury shares of our Company, assuming no exercise of the Over-allotment Option and without taken into account of any Shares that may be issued under the Share Incentive Schemes).

See “Statutory and General Information—A. Further Information about Our Group—3. Written Resolutions of the Shareholders of Our Company Passed on March 31, 2023” of Appendix IV to this prospectus for details.

SHARE INCENTIVE SCHEMES

We have adopted the Pre-IPO Share Incentive Schemes and the Post-IPO RSU Scheme. The principal terms of such share incentive schemes are summarized in the section headed “Statutory and General Information—D. Share Incentive Schemes” in Appendix IV of this prospectus.

SUBSTANTIAL SHAREHOLDERS

Each of the following persons will, immediately following the completion of the Global Offering (without taking into account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares that may be issued under the Share Incentive Schemes), have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member(s) of our Group:

LONG POSITIONS IN OUR COMPANY

Name	Capacity/Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of interest in our Company
5brothers Limited ⁽²⁾	Beneficial Interest	320,546,403 (L)	32.25%
5brothers Limited ⁽³⁾	Other	339,326,886 (L)	34.14%
GDP Holding Limited ⁽²⁾⁽³⁾	Interest in a company controlled; Interests held jointly with another person	659,873,289 (L)	66.39%
Golden Bay Limited ⁽²⁾⁽³⁾	Interests held jointly with another person	659,873,289 (L)	66.39%
Sweet Creation Limited ⁽²⁾⁽³⁾	Interests held jointly with another person	659,873,289 (L)	66.39%
More & More Limited ⁽²⁾⁽³⁾	Interests held jointly with another person	659,873,289 (L)	66.39%
Amber Cultural Limited ⁽²⁾⁽³⁾	Interests held jointly with another person	659,873,289 (L)	66.39%
Mr. SONG ⁽²⁾⁽³⁾⁽⁸⁾	Interest in a company controlled	659,873,289 (L)	66.39%
	Beneficial Owner	4,000,000 (L)	0.40%
Mr. LI Jinlong ⁽²⁾⁽³⁾⁽⁸⁾	Interest in a company controlled	659,873,289 (L)	66.39%
	Beneficial Owner	1,198,430 (L)	0.12%
Mr. ZHU Min ⁽²⁾⁽³⁾	Interest in a company controlled	659,873,289 (L)	66.39%
Mr. DUAN Jianbo ⁽²⁾⁽³⁾⁽⁸⁾	Interest in a company controlled	659,873,289 (L)	66.39%
	Beneficial Owner	3,190,577 (L)	0.32%
Mr. LI Yuejun ⁽²⁾⁽³⁾⁽⁸⁾	Interest in a company controlled	659,873,289 (L)	66.39%
	Beneficial Owner	1,198,430 (L)	0.12%

SUBSTANTIAL SHAREHOLDERS

Name	Capacity/Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of interest in our Company
Leap Profit Investment Limited ⁽⁴⁾	Beneficial Interest	168,888,700 (L)	16.99%
Shanghai Weiyu Corporate Management Consulting Partnership Company (Limited Partnership) (上海蔚郁企業管理諮詢合夥企業(有限合夥)) (“Shanghai Weiyu”) ⁽⁴⁾	Interest in a company controlled	168,888,700 (L)	16.99%
Hubei Yangtze River NIO New Energy Investment Management Company Limited (湖北長江蔚來新能源投資管理有限公司) (“NIO Capital Fund I Manager”) ⁽⁴⁾	Interest in a company controlled	168,888,700 (L)	16.99%
IDG China Venture Capital Fund IV, L.P. (“IDG Main Fund”) and IDG China IV Investors L.P. (“IDG Side Fund”) ⁽⁵⁾	Beneficial Interest	99,637,504 (L)	10.02%
IDG China Venture Capital Fund IV Associates L.P. ⁽⁵⁾	Interest in a company controlled	88,328,648 (L)	8.89%
IDG China Venture Capital Fund GP IV Associates Ltd ⁽⁵⁾	Interest in a company controlled	99,637,504 (L)	10.02%
Mr. HO Chi Sing	Interest in a company controlled	99,637,504 (L)	10.02%
Eastnor Castle Limited ⁽⁶⁾	Beneficial Interest	69,601,825 (L)	7.00%
China Harvest Fund III, L.P. ⁽⁶⁾	Interest in a company controlled	69,601,825 (L)	7.00%
China Renaissance Capital Investment III, L.P. ⁽⁶⁾	Interest in a company controlled	69,601,825 (L)	7.00%
China Renaissance Capital Investment III, GP	Interest in a company controlled	69,601,825 (L)	7.00%
Mr. QIU Mark ⁽⁶⁾	Interest in a company controlled	69,601,825 (L)	7.00%
Mr. LI Bin ⁽⁷⁾	Interest in a company controlled	61,713,431 (L)	6.21%

(1) The letter “L” denotes the person’s long position in the Preferred Shares and/or the Ordinary Shares. Each of the Preferred Shares will be automatically converted and re-designated into one Ordinary Share upon the Listing.

(2) As of the Latest Practicable Date, 5brothers Limited was respectively owned as to 60.44%, 10.64%, 10.64%, 10.64%, 7.66% by Mr. SONG, Mr. LI Jinlong, Mr. LI Yuejun, Mr. ZHU Min and Mr. DUAN Jianbo, through their respective Principal BVI Holdco, namely GDP Holding Limited, Golden Bay Limited, More& More Limited, Sweet Creation Limited and Amber Cultural Limited.

SUBSTANTIAL SHAREHOLDERS

- (3) Pursuant to the Voting Proxy Deeds, 5brothers Limited shall generally be entitled to vote, as the attorney of the Proxy Investors and at its sole discretion, an aggregate of 339,326,886 Shares held by them at the general meeting of our Company upon the Listing. See “History and Corporate Structure—Our Company and Major Shareholding Changes—Voting Proxies” for details of the voting proxy arrangements. Under the SFO, each of our Co-Founders and their Principal BVI Holdcos is deemed to be interested in the entire Shares upon the Listing (i) held directly by 5brothers Limited; and (ii) the Proxy Shares held by the Proxy Investors.
- (4) As of the Latest Practicable Date, Leap Profit Investment Limited was wholly owned by Shanghai Weiyu, which was controlled by its general partner, NIO Capital Fund I Manager. Under the SFO, each of Shanghai Weiyu and NIO Capital Fund I Manager is deemed to be interested in the entire Shares held by Leap Profit Investment Limited upon the Listing.
- (5) As of the Latest Practicable Date, IDG Main Fund was beneficially interested in 88,328,648 Shares. IDG Side Fund was beneficially interested in 11,308,856 Shares. IDG Main Fund was managed by its sole general partner, IDG China Venture Capital Fund IV Associates L.P., which in turn was controlled by IDG China Venture Capital Fund GP IV Associates Ltd, its sole general partner. IDG China Venture Capital Fund GP IV Associates Ltd also acted as the sole general partner of IDG Side Fund. Mr. HO Chi Sing owned as to 50% of the total issued share capital of IDG China Venture Capital Fund GP IV Associates Ltd. Under the SFO, upon the Listing, IDG China Venture Capital Fund GP IV Associates L.P. will be deemed to be interested in the entire shares held by IDG Main Fund and each of Mr. HO Chi Sing and IDG China Venture Capital Fund GP IV Associates Ltd will be deemed to be interested in the entire Shares (a) held directly by IDG Main Fund; and (b) held by IDG Side Fund as a person acting in concert.
- (6) As of the Latest Practicable Date, Eastnor Castle Limited was wholly owned by China Harvest Fund III, L.P. acting by its sole general partner China Renaissance Capital Investment III, L.P., in turn acting by its sole general manager China Renaissance Capital Investment III, GP, which was indirectly wholly owned by Mr. QIU Mark. Under the SFO, each of China Harvest Fund III, L.P., China Renaissance Capital Investment III, L.P., China Renaissance Capital Investment III, GP, and Mr. Mark Qiu is deemed to be interested in the entire Shares held by Eastnor Castle Limited upon the Listing.
- (7) As of the Latest Practicable Date, NBNW Investment Limited (“NBNW”) was wholly owned by NBNW Seeds Limited, the settlor of which is Mr. LI Bin. Mr. LI Bin also ultimately controlled as to one third of the interest in Smart Canvas Investment Limited (“Smart Canvas”) and as to 50% of the interest in Star Celestial Holdings Limited (“Star Celestial”), through their general partner and holding company respectively. Under the SFO, Mr. LI Bin is deemed to be interested in the entire Shares held by NBNW, Smart Canvas and Star Celestial upon the Listing.
- (8) Please refer to the section headed “Statutory and General Information—D. Share Incentive Schemes—1. (2). Pre-IPO Share Option Scheme” in Appendix IV to this prospectus for details.

Save as disclosed herein and in “Appendix IV—Statutory and General Information—C.1. Disclosure of Interests,” our Directors are not aware of any person who will, immediately following the Global Offering (without taking into account of any Shares which may be issued upon the exercise of the Over-allotment Option or Shares which may be granted under the Share Incentive Schemes), have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member(s) of our Group.

FINANCIAL INFORMATION

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

OVERVIEW

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

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

BASIS OF PREPARATION

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

GENERAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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

FINANCIAL INFORMATION

Economic and Industry Trends in China

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

Competition

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

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

FINANCIAL INFORMATION

Outbreak of Health Pandemics, Natural Disasters and Other Calamities

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

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

SPECIFIC FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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

Our Ability to Expand Our User Base and Increase User Engagement

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

FINANCIAL INFORMATION

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

	<u>Categorization</u>	<u>Treatment⁽¹⁾</u>	<u>Relation with revenue</u>
User subsidies to private car owners	Related to user acquisition	Recorded as selling and marketing expenses.	N/A
	Unrelated to user acquisition	(1) Applied to net off our revenue; and (2) recorded the portion exceeding the revenue recognized from a specific ride as cost of services.	During the Track Record Period, the subsidies would exceed the revenue recognized from the corresponding rides when (1) it was a short-distance ride with relatively low revenue recognized, or (2) we offered relatively large amount of subsidies to retain private car owners.
User subsidies to taxi drivers	Related to user acquisition	Recorded as selling and marketing expenses.	N/A
	Unrelated to user acquisition but for rides we have not charged service fees	Recorded as selling and marketing expenses.	N/A
	Unrelated to user acquisition and for rides we have charged service fees	(1) Applied to net off the revenue; and (2) recorded the portion exceeding the revenue recognized from corresponding rides as cost of services.	During the Track Record Period, we had not incurred subsidies that would exceed the revenue recognized from the corresponding taxi rides.
User incentives to carpooling and taxi riders	All user incentives	Recorded as selling and marketing expenses.	N/A

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

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

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

FINANCIAL INFORMATION

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

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

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

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
<i>Subsidies which have been net off to derive our revenue:</i>						
For private car owners	14,633	1.9	34,362	6.0	61,212	7.5
For taxi drivers	—	—	—	—	—	—
<i>Cost of services:</i>						
Subsidies to private car owners	8,800	1.1	17,575	3.1	29,002	3.6
Subsidies to taxi drivers	—	—	—	—	—	—
<i>Selling and marketing expenses:</i>						
Subsidies to taxi drivers	3,160	0.4	8,197	1.4	4,926	0.6
Subsidies to private car owners	29,385	3.8	6,061	1.1	7,028	0.9

FINANCIAL INFORMATION

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
User incentives for carpooling riders	85,026	10.9	57,949	10.2	60,046	7.4
User incentives for taxi riders	13,882	1.8	10,965	1.9	3,744	0.5
Total	<u>154,886</u>	<u>19.9</u>	<u>135,109</u>	<u>23.7</u>	<u>165,958</u>	<u>20.5</u>

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

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

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

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

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

FINANCIAL INFORMATION

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

Our Ability to Strengthen Monetization Capabilities and Diversify Our Monetization Channels

Our revenue and results of operations are affected by our ability to monetize our services and products. We currently generate revenue primarily from the provision of carpooling marketplace services by charging service fees to private car owners providing carpooling rides on our platform. Our net service fee rate was 7.4%, 7.1% and 7.8% in 2021, 2022 and 2023, respectively. Our net service fee rate increased from 2022 to 2023, primarily because we raised our overall service fees charged to private car owners providing carpooling rides on our platform in 2023. Our net service fee rate decreased in 2022, primarily because we incurred increased subsidies for private car owners, a portion of which have been net off to derive our revenue, to incentivize them to provide rides on our platform. We may continue to increase our service fees in the future. In addition, we are rapidly expanding our smart taxi services nationwide, which will gradually become an important aspect of our growth. We had charged service fees to taxi drivers for taxi rides facilitated by our taxi online-hailing services in 80 cities as of the Latest Practicable Date. We plan to gradually charge service fees in the other cities after achieving a meaningful response rate locally. Furthermore, our ability to continue to step up our monetization efforts nationwide and explore additional types of service charges is a key factor affecting the revenue generated from our smart taxi services. We also intend to further capture monetization opportunities along the value chain of China's mobility market, such as the automobile value-added services. Our monetization initiatives may require us to devote significant financial and managerial resources and may not perform as expected due to a variety of factors beyond our control. In addition, as we monitor market developments, we may adjust our monetization strategies from time to time, which could result in decreases of our total revenue or revenue contributions from certain monetization channels.

FINANCIAL INFORMATION

Our Ability to Manage Costs and Expenses

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

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

MATERIAL ACCOUNTING POLICY INFORMATION, ESTIMATES AND ASSUMPTIONS

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

FINANCIAL INFORMATION

Revenue from Contracts with Customers

Revenue from providing carpooling marketplace services

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

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

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

FINANCIAL INFORMATION

Revenue from providing taxi online-hailing services

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

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

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

Revenue from advertising and other services

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

Driver subsidy and user incentive programs

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

FINANCIAL INFORMATION

Subsidies to private car owners and taxi drivers

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

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

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

Rider incentives

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

FINANCIAL INFORMATION

Share-based Payments

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

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

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

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

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

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

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

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

FINANCIAL INFORMATION

Taxation

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

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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. We consider the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized: (1) whether we have sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilized before they expire; (2) whether it is probable that we will have taxable profits before the unused tax losses or unused tax credits expire; (3) whether the unused tax losses result from identifiable causes which are unlikely to recur; and (4) whether tax planning opportunities are available to us that will create taxable profit in the period in which the unused tax losses or unused tax credits can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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

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

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

FINANCIAL INFORMATION

Financial Instruments

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

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

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

Financial assets

Classification and measurement of financial assets

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

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

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

FINANCIAL INFORMATION

Impairment of financial assets subject to impairment assessment under IFRS 9

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

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

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

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

Preferred Shares

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

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

FINANCIAL INFORMATION

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

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

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

DESCRIPTION OF MAJOR PROFIT OR LOSS LINE ITEMS

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

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Revenue	780,583	100.0	569,078	100.0	815,085	100.0
Cost of services	(149,319)	(19.1)	(141,515)	(24.9)	(209,714)	(25.7)
Gross profit	631,264	80.9	427,563	75.1	605,371	74.3
Other income	8,351	1.1	15,570	2.7	19,551	2.4
Other gains and losses	2,423	0.3	4,379	0.8	6,670	0.8
Impairment losses under expected credit loss model, net of reversal	(670)	(0.1)	(1,161)	(0.2)	1,441	0.2
Selling and marketing expenses	(255,867)	(32.8)	(234,941)	(41.3)	(233,647)	(28.7)
Administrative expenses	(26,842)	(3.4)	(35,330)	(6.2)	(31,980)	(3.9)
Research and development expenses	(60,071)	(7.7)	(88,995)	(15.6)	(121,699)	(14.9)
Change in fair value of Preferred Shares	1,521,173	194.9	(234,138)	(41.1)	209,282	25.7

FINANCIAL INFORMATION

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Share-based payment expenses	(22,725)	(2.9)	(29,804)	(5.2)	(110,351)	(13.5)
Finance costs	(274)	(0.0)	(230)	(0.0)	(285)	(0.0)
Listing expenses	(5,484)	(0.7)	(8,397)	(1.5)	(24,102)	(3.0)
Profit/(loss) before taxation	1,791,278	229.5	(185,484)	(32.6)	320,251	39.3
Income tax expense	(60,272)	(7.7)	(2,147)	(0.4)	(19,867)	(2.4)
Profit/(loss) for the year . . .	<u>1,731,006</u>	<u>221.8</u>	<u>(187,631)</u>	<u>(33.0)</u>	<u>300,384</u>	<u>36.9</u>

Non-IFRS Measure

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

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

FINANCIAL INFORMATION

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

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

Revenue

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

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

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

We generated revenue of RMB695.1 million, RMB514.9 million and RMB774.0 million from the provision of carpooling marketplace services in 2021, 2022 and 2023, respectively, representing 89.0%, 90.5% and 95.0% of our total revenue in the same years, respectively. We derive revenue primarily from charging service fees to private car owners providing carpooling rides on our platform. In 2021, 2022 and 2023, we facilitated approximately 129.7 million, 94.2 million and 130.3 million carpooling rides, respectively, representing a GTV of RMB7.8 billion, RMB6.1 billion and RMB8.6 billion for the same years, respectively. The number of carpooling rides we facilitated decreased from 2021 to 2022, primarily due to the resurgence of COVID-19 in multiple localities, particularly in cities where we had major operations. For example, there were significant local outbreaks in Shanghai from March 2022 to June 2022, and in Beijing from March to May and from

FINANCIAL INFORMATION

November to December in 2022, which also led to the decrease in GTV for the same periods. Our net service fee rate was 7.4%, 7.1% and 7.8% for the same years, respectively, which was in line with the general market level, where major market players generally maintained an average net service fee rate of no more than 8.0% in 2023, according to the F&S Report. Our revenue generated from the provision of carpooling marketplace services decreased from 2021 to 2022, primarily due to the decrease in the number of the carpooling rides we facilitated as a result of the regional resurgence of COVID-19 in multiple localities. Our revenue generated from the provision of carpooling marketplace services increased from 2022 to 2023, primarily due to the increases in the number of the carpooling rides we facilitated and the average fare per carpooling ride in the same periods.

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

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

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

FINANCIAL INFORMATION

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

Cost of Services

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

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

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

(2) Include primarily urban maintenance and construction tax.

FINANCIAL INFORMATION

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

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

FINANCIAL INFORMATION

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

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

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

Gross Profit/(Loss) and Gross Margin

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

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

FINANCIAL INFORMATION

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

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

Our gross margin for the provision of smart taxi services decreased from 2021 to 2023, primarily because (1) our revenue generated from the provision of smart taxi services decreased due to the decrease in the number of taxi online-hailing rides we facilitated resulting from (i) the impact of COVID-19 resurgence in multiple localities, particularly in 2022; (ii) the decrease in the number of average monthly active certified taxi drivers on our platform in 2023 because of shifts in the competitive dynamics of the taxi online-hailing industry and the general decline of the taxi industry resulting from intensified competition from the ride-hailing industry, which negatively affected our service volume; and (iii) the gradual cessation of our cooperation with aggregation platforms related to taxi online-hailing services; (2) we incurred certain fixed operational and maintenance costs for the smart taxi services (including payroll costs for maintenance staff and office related costs), which were not directly related to the transaction volume of smart taxi services; and (3) we allocated certain variable operational and maintenance costs (primarily including infrastructure cost, security cost and services fees for certain message verification codes and notification text messages) to smart taxi

FINANCIAL INFORMATION

services proportionally based on the total number of taxi rides we enabled, including those we have not yet charged service fees, as such rides also utilized relevant text message services, our infrastructure (such as servers, software and cloud) and security measures (such as facial recognition, virtual number and real-name authentication), and incurred corresponding costs, which accounted for an increasing portion of the total number of taxi rides we enabled in 2021 and 2022. The total number of non-charging taxi rides we enabled under our smart taxi services was 123.1 million, 112.6 million and 16.5 million in 2021, 2022 and 2023, respectively, accounting for 82.0%, 89.3% and 67.6% of the total number of taxi rides we enabled under our smart taxi services in the same years, respectively. Regarding the nature of the fixed operational and maintenance costs for the smart taxi services, the payroll costs are for the maintenance staff, which primarily consists of employees from our operations and maintenance department, infrastructure department, business development center and project management department, who are responsible for maintaining the normal operations of our servers; and office related costs primarily consist of depreciation, lease expenses, utilities and other administrative expenses. As such, we recorded negative gross margin of 36.6% and 51.0% in 2022 and 2023, respectively.

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

Other Income

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

Other Gains and Losses

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

Selling and Marketing Expenses

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

FINANCIAL INFORMATION

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

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

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

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

FINANCIAL INFORMATION

Administrative Expenses

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

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

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

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

Research and Development Expenses

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

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

(1) Include primarily travel expenses.

FINANCIAL INFORMATION

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

Change in Fair Value of Preferred Shares

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

Share-based Payment Expenses

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

Finance Costs

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

Income Tax Expense

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

FINANCIAL INFORMATION

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

Profit/(loss) for the Year

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

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

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

- *Provision of carpooling marketplace services.* Our revenue generated from the provision of carpooling marketplace services increased by 50.3% from RMB514.9 million in 2022 to RMB774.0 million in 2023, primarily due to the growth of our carpooling marketplace services along with our business recovery from the adverse impact of COVID-19 outbreaks, as evidenced by the increases in (1) the number of the carpooling rides we facilitated from 94.2 million to 130.3 million, driven by the increase in the average monthly active certified private car owners and carpooling riders from approximately 1.2 million and 3.7 million in 2022, respectively, to approximately 1.6 million and 4.8 million in 2023, respectively, and (2) the average fare per carpooling ride by 3.1% from RMB64.3 to RMB66.3 in the same years, resulting from the increased proportion of inter-city trips among all the carpooling trips driven by the recovery in inter-city travel demands after the COVID-19 pandemic and our enhanced efforts to grow inter-city trips.

FINANCIAL INFORMATION

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

Cost of services

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

- *Provision of carpooling marketplace services.* Our cost of services related to the provision of carpooling marketplace services increased by 77.3% from RMB105.3 million in 2022 to RMB186.7 million in 2023, primarily due to the increases in (1) payment processing costs by 43.7% from RMB40.1 million in 2022 to RMB57.6 million in the same period in 2023, in line with the increase in GTV by 42.5% from RMB6.1 billion to RMB8.6 billion in the same years, as the number of rides we facilitated increased along with our business recovery from the adverse impact of COVID-19 outbreaks, (2) third-party services costs, primarily due to the increase in operational and maintenance services fees as we enhanced technology infrastructure and security measures, and the increase in the service fees paid to aggregation platforms as we newly cooperated with an aggregation platform in relation to our carpooling marketplace services, and (3) insurance costs, primarily due to the increases in the number of rides we facilitated and the proportion of inter-city trips among all the carpooling trips.

FINANCIAL INFORMATION

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

Gross profit/(loss) and gross margin

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

- *Provision of carpooling marketplace services.* Our gross profit margin for the provision of carpooling marketplace services decreased from 79.5% in 2022 to 75.9% in 2023 primarily due to the faster increase in our cost of services related to the provision of carpooling marketplace services, because (1) we enhanced technology infrastructure and security measures, leading to the increase in operational and maintenance services fees, and we also newly cooperated with an aggregation platform in relation to our carpooling marketplace services in 2023, resulting in an increase in the service fees paid to aggregation platforms, which collectively contributed to the increase in our third-party services costs in the same year, and (2) our insurance costs increased at a relatively faster pace primarily due to the increase in the number of carpooling rides we facilitated and the increase in the proportion of inter-city trips which had a higher insured cap than intra-city trips.
- *Provision of smart taxi services.* Our negative profit margin for the provision of taxi online-hailing services increased from 36.6% in 2022 to 51.0% in 2023, primarily because (1) our revenue generated from the provision of smart taxi services decreased due to the decrease in the number of taxi online-hailing rides we facilitated as discussed above, and (2) we incurred certain fixed operational and maintenance costs for the smart taxi services, including payroll costs for maintenance staff of RMB7.2 million and office related costs of RMB2.2 million in 2023, which were not directly related to the transaction volume of smart taxi services.

FINANCIAL INFORMATION

- *Provision of advertising and other services.* Our gross profit margin for the provision of advertising and other services increased from 72.1% in 2022 to 80.0% in 2023, primarily due to the expansion of our programmatic advertising services, which had a relatively higher gross profit margin than the direct sales of our in-app advertising spaces.

Other income

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

Other gains

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

Selling and marketing expenses

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

Administrative expenses

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

Research and development expenses

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

FINANCIAL INFORMATION

Share-based payment expenses

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

Impairment losses under expected credit loss model, net of reversal

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

Change in fair value of Preferred Shares

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

Finance costs

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

Listing expense

We recorded listing expense of RMB24.1 million in connection with the Global Offering in 2023, compared to RMB8.4 million in 2022.

(Loss)/profit before taxation

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

Income tax expense

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

(Loss)/profit for the year

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

FINANCIAL INFORMATION

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

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

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

Revenue

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

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

Cost of services

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

FINANCIAL INFORMATION

- *Provision of carpooling marketplace services.* Our cost of services related to the provision of carpooling marketplace services increased by 3.8% from RMB101.5 million in 2021 to RMB105.3 million in 2022, primarily due to the increased subsidies to private car owners we incurred to incentivize them to provide rides on our platform as discussed above, partially offset by the decrease in payment processing costs related to our carpooling marketplace services by 18.0% from RMB48.9 million in 2021 to RMB40.1 million in 2022 in line with the decrease in GTV by 21.8% from RMB7.8 billion in 2021 to RMB6.1 billion in 2022, as the number of rides we facilitated decreased in the period under the impact of COVID-19 resurgence in multiple localities. The differences in percentage decrease between payment processing costs related to our carpooling marketplace services and the corresponding GTV are primarily due to the following factors: (1) the GTV represents the total value of rides in terms of ride fare paid by riders, without adjusting for applicable incentives; however, the payment of incentives to riders is directly handled by us, without involving third-party payment platforms or incurring related commission charges paid to such platforms; (2) the GTV also includes the value of the rides we facilitated through cooperation with aggregation platforms, where certain aggregation platforms, rather than us, bear the associated payment processing costs for the rides; and (3) we incurred payment processing costs in relation to the sale of weekly coupons, which would not be included in the relevant GTV.
- *Provision of smart taxi services.* Our cost of services related to the provision of smart taxi services decreased from RMB30.1 million in 2021 to and RMB26.5 million in 2022, primarily due to the decrease in payment processing costs related to our taxi online-hailing services by 56.7% from RMB5.4 million in 2021 to RMB2.4 million in 2022 in line with the decrease in GTV by 48.3% from RMB827.2 million in 2021 to RMB427.4 million in 2022, as the number of taxi online-hailing rides we facilitated decreased in the period under the impact of COVID-19 resurgence in multiple localities, partially offset by the increase in certain third-party services costs (including operational and maintenance services fees, and services fees paid to providers for message verification codes and notification text messages) allocated to provision of smart taxi services. The differences in percentage decrease between payment processing costs related to our taxi online-hailing services and the corresponding GTV are primarily due to the following factors: (1) the GTV represents the total value of rides in terms of ride fare paid by riders, without adjusting for applicable incentives; however, the payment of incentives to riders is directly handled by us, without involving third-party payment platforms or incurring related commission charges paid to such platforms; and (2) the GTV also includes the value of the rides we facilitated through cooperation with aggregation platforms, where certain aggregation platforms, rather than us, bear the associated payment processing costs for the rides.
- *Provision of advertising and other services.* Our cost of services related to the provision of advertising and other services decreased by 45.5% from RMB17.8 million in 2021 to RMB9.7 million in 2022, primarily due to the decrease in the amount of advertisements for third-party merchants as a result of the COVID-19 resurgence.

FINANCIAL INFORMATION

Gross profit/(loss) and gross margin

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

- *Provision of carpooling marketplace services.* Our gross profit margin for the provision of carpooling marketplace services decreased from 85.4% in 2021 to 79.5% in 2022, primarily because our revenue generated from the provision of carpooling marketplace services decreased at a greater pace than the related cost of services, as (1) we increased our subsidies to private car owners to incentivize them to provide rides on our platform, a portion of which were recorded as cost of services after netting off the relative revenues from corresponding rides, (2) we continued to incur certain fixed costs, such as staff costs, notwithstanding the decreased revenue, and (3) we paid higher insurance premium to increase the insured cap of insurance coverage for carpooling rides from RMB0.3 million per person for intra-city trips and RMB0.8 million per person for inter-city trips to RMB0.6 million per person for intra-city trips and RMB1.0 million per person for inter-city trips, effective since September 1, 2021, and therefore, our insurance costs decreased at a lower pace from RMB19.2 million in 2021 to RMB17.4 million in 2022 than the related revenue in the same periods.
- *Provision of smart taxi services.* We recorded gross profit margin for the provision of taxi online-hailing services of 7.7% in 2021, compared to negative gross margin of 36.6% in 2022, primarily because (1) our revenue generated from the provision of smart taxi services decreased due to the decrease in the number of taxi online-hailing rides we facilitated as discussed above, (2) we incurred certain fixed operational and maintenance costs for the smart taxi services, including payroll costs for maintenance staff of RMB6.8 million and office related costs of RMB3.0 million in 2022, which were not directly related to the transaction volume of smart taxi services, and (3) we allocated certain variable operational and maintenance costs (primarily including infrastructure cost, security cost and services fees for certain message verification codes and notification text messages) to smart taxi services proportionally based on the total number of taxi rides we enabled under our smart taxi services. These smart taxi services include those we have not yet charged service fees (i.e., the taxi online-hailing rides we facilitated without charging service fees and the non-charging smart taxi rides we enabled through *Taxi Hailing Assistant* and *Taxi Smart Code*), as such rides also utilized relevant text message services, our infrastructure (such as servers, software and cloud) and security measures (such as facial recognition, virtual number and real-name authentication), and incurred corresponding costs. The total number of non-charging taxi rides we enabled under our smart taxi services was 123.1 million and 112.6 million in 2021 and 2022, respectively, accounting for an increasing portion of the total number of taxi rides we enabled under our smart taxi services from 82.0% in 2021 to 89.3% in 2022, primarily due to the decrease in the number of taxi online-hailing rides we facilitated and charged service fees under the impact of the regional resurgence of COVID-19.
- *Provision of advertising and other services.* Our gross profit margin for the provision of advertising and other services increased from 66.4% in 2021 to 72.1% in 2022, primarily due to the expansion of our programmatic advertising services, which had a relatively higher gross profit margin than the direct sales of our in-app advertising spaces.

FINANCIAL INFORMATION

Other income

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

Other gains

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

Selling and marketing expenses

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

Administrative expenses

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

Research and development expenses

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

Share-based payment expenses

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

Impairment losses under expected credit loss model, net of reversal

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

FINANCIAL INFORMATION

Change in fair value of Preferred Shares

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

Finance costs

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

Listing expense

We recorded listing expense of RMB8.4 million in connection with the Global Offering in 2022, compared to RMB5.5 million in connection with our previous listing efforts initiatives in 2021.

(Loss)/profit before taxation

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

Income tax expense

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

(Loss)/profit for the year

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

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

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

FINANCIAL INFORMATION

DISCUSSION OF MAJOR BALANCE SHEET ITEMS

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

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

FINANCIAL INFORMATION

Property and Equipment

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

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

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

Deferred Tax Assets

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

Right-of-Use Assets

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

Trade Receivables

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

FINANCIAL INFORMATION

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

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

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

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

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

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

FINANCIAL INFORMATION

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

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

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

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

Prepayments, Deposits and Other Receivables

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

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

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

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

FINANCIAL INFORMATION

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

As of April 30, 2024, approximately RMB25.3 million, or 97.8% of the amounts due from payment platforms as of December 31, 2023 had been withdrawn, and approximately RMB0.4 million, or 85.9% of the amounts due from aggregation platforms as of December 31, 2023, had been settled.

Financial Assets at Fair Value through Profit or Loss

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

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

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

FINANCIAL INFORMATION

Fair Value Measurements

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

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

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

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

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

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

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

FINANCIAL INFORMATION

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

In relation to the valuation of level 3 instruments, our Directors have (1) reviewed the terms of agreements relating to the instruments; (2) engaged third-party qualified valuers, provided necessary financial and non-financial information to the valuers for them to assess our performed valuation procedures and discussed with the valuers on relevant assumptions; (3) carefully considered all information especially those non-market related information input, such as the weighted average cost of capital, revenue projection and long-term revenue growth rate, which required management assessment and estimates; and (4) reviewed the valuation reports prepared by the valuers. Based on the above procedures and the professional advice received, our Directors are of the view that the valuation analysis performed on level 3 instruments is fair and reasonable and the financial statements of our Group are properly prepared. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the level 3 instruments. See Note 4 to the Accountants’ Report in Appendix I to this prospectus for more details.

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

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

FINANCIAL INFORMATION

Bank Balances and Cash

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

Restricted Cash

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

Trade and Other Payables

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

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

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

Payables to users primarily represented the balance of our private car owners' and taxi drivers' user accounts on our platform that they have not withdrawn yet, including (1) payables to and account balance of users that were held in the bank account escrowed by a licensed commercial bank, which were recorded as restricted cash on our balance sheet and (2) other account balance of users which were incurred before we started to use the bank account escrowed by the commercial bank. After we put into use such escrow bank account on November 9, 2020, all the funds received from the riders and payable to the drivers are maintained in an account escrowed by the commercial bank and managed separately from other funds of our Group. For our historical practice of user funds management before using the escrowed bank account and the associated risks, see "Risk Factors—Risks Relating to Our Business and Industry—We may be considered as conducting payment services as a non-financial institution without a Payment Business Permit." Private car owners and taxi drivers may withdraw the funds on a daily basis. See "Business—Our Service

FINANCIAL INFORMATION

Offerings—Carpooling Marketplace—Pricing and payment settlement” and “Business—Our Service Offerings—Smart Taxi Services—Taxi online-hailing—Pricing and payment settlement.” Payables to users also included account balance of carpooling riders that has not been withdrawn as of the reporting date, which represented primarily the complete or partial refund of prepayment from carpooling riders for rides that were subsequently discounted or canceled. Such payables to users could be used for future trips or withdrawn by carpooling riders. The unused balance is recorded as a current liability at the balance sheet date and included in trade and other payables. The following table sets forth the breakdown of our payables to users outstanding as of the dates indicated.

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

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

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

	Percentage of total number of user accounts as of December 31,		
	2021	2022	2023
	Range of the balances for each user account		
Private car owners who do not act as carpooling riders			
No more than RMB10	30.0%	32.9%	31.3%
Over RMB10 and no more than RMB50	29.2%	28.5%	26.8%
Over RMB50 and no more than RMB100	17.1%	16.3%	16.4%
Over RMB100	23.7%	22.3%	25.5%

FINANCIAL INFORMATION

	Percentage of total number of user accounts as of December 31,		
	2021	2022	2023
Private car owners who also act as carpooling riders			
No more than RMB10	25.0%	27.1%	26.4%
Over RMB10 and no more than RMB50	28.4%	28.9%	28.1%
Over RMB50 and no more than RMB100	17.6%	17.2%	17.0%
Over RMB100	29.0%	26.8%	28.5%
Taxi drivers			
No more than RMB10	43.0%	47.4%	50.9%
Over RMB10 and no more than RMB50	32.3%	32.8%	32.2%
Over RMB50 and no more than RMB100	10.6%	9.3%	8.5%
Over RMB100	14.1%	10.5%	8.4%
Carpooling riders			
No more than RMB10	59.5%	58.6%	58.3%
Over RMB10 and no more than RMB50	29.0%	29.6%	29.9%
Over RMB50 and no more than RMB100	7.5%	7.8%	7.8%
Over RMB100	4.0%	4.0%	4.0%

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

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

FINANCIAL INFORMATION

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

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

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

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

FINANCIAL INFORMATION

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

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

FINANCIAL INFORMATION

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

	Settlement amount as of April 30, 2024	Percentage of the balance as of December 31, 2023
	(RMB in thousands)	(%)
Payables to private car owners who did not act as carpooling riders	123,013	48.1
Within 15 days	52,913	93.0
16 days to 30 days	15,797	81.1
31 days to 60 days	14,562	69.3
61 days to 90 days	9,261	57.7
91 days to 180 days	14,003	46.2
181 days to 360 days	10,802	32.2
361 days to 720 days	3,514	16.7
Over 720 days	2,161	3.8
Payables to private car owners who also acted as carpooling riders	75,730	42.2
Within 15 days	24,714	90.6
16 days to 30 days	9,189	80.5
31 days to 60 days	9,458	70.3
61 days to 90 days	6,231	60.4
91 days to 180 days	10,453	22.3
181 days to 360 days	8,538	36.0
361 days to 720 days	3,494	20.9
Over 720 days	3,653	6.6
Payables to taxi drivers	4,923	38.2
Within 15 days	1,835	93.9
16 days to 30 days	718	86.5
31 days to 60 days	734	77.3
61 days to 90 days	427	66.3
91 days to 180 days	590	53.9
181 days to 360 days	399	36.8
361 days to 720 days	136	10.9
Over 720 days	84	1.7
Payables to carpooling riders	11,264	12.5
Within 15 days	9,768	99.3
16 days to 30 days	37	39.4
31 days to 60 days	61	33.5
61 days to 90 days	64	28.4
91 days to 180 days	124	18.8
181 days to 360 days	161	12.3
361 days to 720 days	95	4.8
Over 720 days	954	1.3
Total	214,930	39.9

FINANCIAL INFORMATION

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

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

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

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

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

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

	Year ended December 31,		
	2021	2022	2023
Trade payables turnover days ⁽¹⁾	25	24	27

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

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

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

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

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

Cash Flows

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

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

FINANCIAL INFORMATION

Net cash generated from operating activities

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

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

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

FINANCIAL INFORMATION

Net cash (used in)/generated from investing activities

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

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

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

Net cash used in financing activities

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

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

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

Current Assets and Current Liabilities

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

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

FINANCIAL INFORMATION

We had net current liabilities of RMB1,797.7 million, RMB3,841.3 million, RMB3,406.0 million and RMB3,162.2 million as of December 31, 2021, 2022 and 2023 and April 30, 2024, respectively. Our net current liabilities increased from RMB1,797.7 million as of December 31, 2021 to RMB3,841.3 million as of December 31, 2022, primarily due to the increase in the current portion of the Preferred Shares, as the fair value of the Preferred Shares with the redemption date of less than one year from the balance sheet date were recorded as current liabilities under the IFRS. Our net current liabilities decreased to RMB3,406.0 million as of December 31, 2023, primarily due to (1) the increase in financial assets at fair value through profit or loss which represented our wealth management products purchased from a reputable licensed commercial bank in China, and (2) the decrease in the current portion of the Preferred Shares. Our net current liabilities decreased to RMB3,162.2 million as of April 30, 2024, which was similarly attributable to the decrease in convertible redeemable preferred shares recorded as current liabilities. All the Preferred Shares will be automatically converted into Ordinary Shares at no additional consideration upon completion of the Global Offering and, accordingly, we expect to record net current assets following the Listing.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

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

Capital Commitments

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

INDEBTEDNESS

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

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

FINANCIAL INFORMATION

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

Bank Loans

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

Lease Liabilities

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

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

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

Convertible Redeemable Preferred Shares

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

FINANCIAL INFORMATION

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

CONTINGENT LIABILITIES

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

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

LISTING EXPENSES

We expect to incur a total of approximately RMB79.58 million (HK\$87.39 million) of listing expenses in connection with the Global Offering, representing approximately 37.3% of the gross proceeds from the Global Offering (assuming an Offer Price of HK\$6.00, being the mid-point of the indicative Offer Price range between HK\$5.00 and HK\$7.00, and assuming that the Over-allotment Option is not exercised), including (1) underwriting-related fees and expenses of approximately RMB26.88 million (HK\$29.52 million), and (2) non-underwriting related expenses of approximately RMB52.70 million (HK\$57.87 million), which consist of (i) fees and expenses of legal advisors and accountants of approximately RMB31.43 million (HK\$34.52 million), and (ii) other fees and expenses of approximately RMB21.27 million (HK\$23.35 million). As of December 31, 2023, out of the expected listing expenses, we incurred approximately RMB37.34 million, out of which approximately RMB32.50 million was charged to our consolidated statements of profit or loss, while the remaining amount of approximately RMB4.84 million directly attributable to the issuance of Shares will be deducted from equity upon the completion of the Global Offering. We expect to further incur listing expenses of approximately RMB42.24 million upon the completion of the Global Offering, out of which approximately RMB20.20 million is expected to be charged to our consolidated statements of profit or loss, and approximately RMB22.04 million is expected to be deducted from equity. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

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

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

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

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

	As of December 31,		
	2021	2022	2023
Liquidity ratio			
Current ratio ⁽¹⁾	0.4	0.2	0.3

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

Analysis of Key Financial Ratios

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

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

Current ratio

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

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

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

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

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

Currency Risk

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

Interest Rate Risk

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

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

Price Risk

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

FINANCIAL INFORMATION

Credit Risk

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

Liquidity Risk

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

DIVIDEND POLICY

During the Track Record Period, we did not pay or declare any dividend. According to our dividend policy adopted on June 13, 2024, the Articles of Association and applicable laws and regulations, the determination to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We do not have a pre-determined dividend payout ratio. We will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

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

DISTRIBUTABLE RESERVES

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

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

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

FINANCIAL INFORMATION

COVID-19 OUTBREAK AND EFFECTS ON OUR BUSINESS

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

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

Impact on Our Business

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

Our business volume has experienced a recovery to the pre-COVID-19 level in 2023. For instance, we facilitated approximately 130.3 million carpooling rides in 2023, representing an increase of 38.3% from approximately 94.2 million carpooling rides we facilitated in 2022. In addition, the GTV generated from our carpooling marketplace reached approximately RMB8.6 billion in 2023, representing an increase of 42.5% from the GTV of approximately RMB6.1 billion in 2022. In the long run, established carpooling marketplace and taxi online-hailing platforms with advanced technologies and proven market acceptance are poised to promptly react to evolving demand, maximize user satisfaction and trust, drive industry recovery, and strengthen their market position in the post-COVID era, according to the F&S Report. As of December 31, 2023, we offered our carpooling marketplace services in 366 cities, and we had charged service fees to taxi drivers in 80 cities as of the Latest Practicable Date. Going forward, we will continue to leverage the network effect of our platform to grow our user base by optimizing our service offerings and improving user experience. See "Summary—Recent Business Developments" and "Future Plans and Use of Proceeds."

FINANCIAL INFORMATION

Impact on Our Operations

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

Impact on Our Employees

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

Impact on Our Supply Chain

Our suppliers include primarily server hosting, bandwidth leasing, cloud computing, hardware equipment, security service and customer service vendors. Although the operations of our suppliers have been affected by the COVID-19 pandemic, we have not experienced any material negative impact on our business, primarily because (1) our operations did not substantially depend on the performance of our suppliers as they generally provide standard products and services that are readily available in the market, and (2) the impact of the COVID-19 pandemic on their operations did not affect their relations with us. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any major supply chain disruption.

Our Precautionary Measures

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

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

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

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

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED TANGIBLE ASSETS LESS LIABILITIES

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

Our unaudited pro forma adjusted consolidated tangible assets less liabilities has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our financial position of our Group had the Global Offering been completed as of December 31, 2023 or any future date. It is prepared based on our consolidated tangible assets less liabilities as of December 31, 2023 as set out in the Accountants' Report in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma adjusted consolidated tangible assets less liabilities does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Audited consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of December 31, 2023 ⁽¹⁾	Estimated net proceeds from the Global Offering ⁽²⁾	Unaudited pro forma adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of December 31, 2023 ⁽⁶⁾	Unaudited pro forma adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of December 31, 2023 per Share ⁽³⁾⁽⁵⁾	
	(RMB in thousands)			RMB	HK\$ ⁽⁴⁾
Based on an Offer Price of HK\$7.00 per Share	(3,309,492)	196,897	(3,112,595)	(8.55)	(9.39)
Based on an Offer Price of HK\$5.00 per Share	(3,309,492)	136,383	(3,173,109)	(8.72)	(9.58)

FINANCIAL INFORMATION

- (1) Our consolidated tangible assets less liabilities attributable to owners of our Company as of December 31, 2023 is extracted from the Accountants' Report in Appendix I to this prospectus, which is based on the audited consolidated net tangible liabilities of our Group attributable to owners of our Company as of December 31, 2023 of approximately RMB3,309.5 million.
- (2) The estimated net proceeds from the Global Offering are based on 39,091,000 new Shares to be issued at the Offer Price of HK\$5.00 and HK\$7.00 per Share, being the lower limit and higher limit of the indicative range of the Offer Price, respectively, after deduction of the estimated listing expenses (including underwriting fees and other related expenses) expected to be incurred by our Company subsequent to December 31, 2023. The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or issued or repurchased by us pursuant to our mandate, as referred to in Appendix IV in this prospectus. For the purpose of calculating the estimated net proceeds from the Global Offering, the estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK\$1.0 to RMB0.9106 prevailing on June 11, 2024 with reference to the rate published by the People's Bank of China. No representation is made that Hong Kong dollars have been, would have been or may be converted to RMB, or vice versa, at that rate or at any other rates or at all.
- (3) The unaudited pro forma adjusted consolidated tangible assets less liabilities attributable to owners of our Company per Share is arrived after adjustments referred to in the preceding paragraphs and on the basis that 364,012,403 Shares are issued and outstanding immediately upon completion of the Global Offering (without taking into account of any Shares which may be allotted and issued upon exercise of the Over-allotment Option), which is assumed to be on December 31, 2023 for the purpose of the pro forma financial information, excluding 11,648,137 Shares held by Firefiles Limited as treasury stock as of December 31, 2023, which are reserved for grant of options or restricted shares under Pre-IPO Share Incentive Schemes, as well as the automatic conversion of Preferred Shares into the Ordinary Shares upon the completion of the Global Offering.
- (4) The unaudited pro forma adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company per Share is converted from RMB into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.9106, which was the exchange rate prevailing on June 11, 2024 with reference to the rate published by the People's Bank of China. No representation is made that the RMB have been, would have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.
- (5) As of December 31, 2023, the carrying amount of our Preferred Shares of RMB4,256.2 million was recognized as financial liabilities. The Preferred Shares shall automatically be converted without payment of any additional consideration into Ordinary Shares upon the closing of a qualified initial public offering. See Note 25 to the Accountants' Report in Appendix I to this prospectus. Assuming then conversion took place on December 31, 2023 on a one-to-one basis, the unaudited pro forma adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company would have increased from approximately RMB(3,173.1) million to approximately RMB1,083.1 million based on the Offer Price of HK\$5.00 per Share, or from approximately RMB(3,112.6) million to approximately RMB1,143.6 million based on the Offer Price of HK\$7.00 per Share. The unaudited pro forma adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company per Share would have increased to RMB1.10 (HK\$1.21) and RMB1.16 (HK\$1.27) based on the Offer Price of HK\$5.00 and HK\$7.00 per Share, respectively.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of December 31, 2023 to reflect any trading result or any transactions we entered into subsequent to December 31, 2023.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

For further disclosure of our business objectives and strategies, see “Business—Growth Strategies” in this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK\$6.00 per Share, being the mid-point of the indicative range of the Offer Price of HK\$5.00 to HK\$7.00 per Share, we estimate that the net proceeds from the Global Offering will be approximately HK\$147.2 million (after deducting the estimated underwriting commissions and other fees and expenses paid by us during the Track Record Period and payable by us subsequent to December 31, 2023 in connection with the Global Offering), assuming that the Over-allotment Option is not exercised.

We currently intend to apply the net proceeds from the Global Offering for the purposes and in the amounts set out follows.

	<u>2024</u>	<u>2025</u>	<u>Total</u>
	(HK\$ in million)		
Enlarging user base and strengthening marketing and promotion initiatives	40.5	33.1	73.6
Advancing technological capabilities and upgrading safety mechanism	28.3	23.2	51.5
Enhancing monetization capabilities	<u>12.2</u>	<u>9.9</u>	<u>22.1</u>
Total	<u><u>81.0</u></u>	<u><u>66.2</u></u>	<u><u>147.2</u></u>

The following sets forth the basis and details of our estimated use of the net proceeds:

- approximately 50.0%, or HK\$73.6 million, for enlarging our user base and strengthening our marketing and promotion initiatives primarily through user incentives and subsidies, online advertising campaigns, and offline promotional and educational campaigns, including:
 - (i) approximately 43.2%, or HK\$63.6 million, for expanding our user base and enhancing the network effect of our platform, including (1) approximately 21.6%, or HK\$31.8 million, for attracting new users for our platform, and (2) approximately 21.6%, or HK\$31.8 million, for retaining existing users and increasing their engagement with our platform. Specifically, we plan to offer coupon packages to incentivize users to place or take orders on our platform. We will also launch other user engagement initiatives, including cooperating with internet platforms and social media apps for advertising, user interaction and user acquisition. In addition, we plan to attract and retain private car owners and taxi drivers by rewarding them for making referrals and taking rides on our platform. For example, we will provide cash coupons for the referrers in their next rides and for the referees in their first rides placed or completed on our platform. We plan to further enhance word-of-mouth referrals and our network effect among users with incentives in various forms;

FUTURE PLANS AND USE OF PROCEEDS

- (ii) approximately 5.0%, or HK\$7.4 million, for conducting online and offline marketing and promotional campaigns to raise public awareness of our brand and offerings. Although we have started to enjoy the network effect of our enlarged business scale, our user base remains relatively small compared to the entire market size of China’s car-based passenger transportation industry. Our ability to retain and attract users to enlarge our market share and expand the overall carpooling market is crucial to our business growth. As the demand and supply of mobility services are expected to grow rapidly going forward, according to the F&S Report, we plan to conduct more marketing activities to seize the massive market opportunities and increase our market share. As such, we expect our marketing and promotion expenses to increase in absolute amount in line with our business growth and we may strategically adjust our marketing approach based on our business performance and publicity needs from time to time. See “Financial Information—Specific Factors Affecting Our Results of Operations—Our Ability to Manage Costs and Expenses.”

We expect to invest HK\$3.7 million and HK\$3.7 million in online and offline marketing and promotional activities in 2024 and 2025, respectively.

Specifically, for our online marketing and promotional campaigns, we will continue to promote our platform through major social media platforms by frequently posting text and image updates, videos, and other content that drives audience engagement to reach potential users and enhance our brand awareness. We will also apply display advertising on internet websites (with search engine optimization and keyword search campaigns), third-party platforms, television programs through banners or other various advertising formats to obtain broader exposure for our platform. Our online marketing campaigns also include frequent updates to our mobile apps on app stores and WeChat to attract users. In addition, for our offline marketing and promotional campaigns, we intend to conduct promotional and educational campaigns to advocate affordable and responsible travel methods to generate organic traffic for our carpooling marketplace. We also plan to actively organize and participate in various industry events, such as industry forums, seminars and conferences, to share our first-hand experience advocating efficient and sustainable mobility solutions, including those for taxi industry with regulators, industry insiders and other market participants; and

- (iii) approximately 1.8%, or HK\$2.6 million, for recruitment of approximately seven sales and marketing staff over the next two years to support our marketing initiatives along with our business expansion. We expect new recruits to have at least three years of relevant industry experience in branding, new media, art design, copywriting, online advertising display, and public relations. We expect to recruit five and two sales and marketing staff by December 31, 2024 and 2025, respectively, through the net proceeds of the Global Offering and additional sales and marketing staff through the funding supplemented by cash generated from our operations, subject to changes based on our actual needs and market conditions at the relevant time.

FUTURE PLANS AND USE OF PROCEEDS

- approximately 35.0%, or HK\$51.5 million, for advancing our technological capabilities and upgrading our safety mechanism, including:
 - (i) approximately 14.6%, or HK\$21.4 million, for attracting, cultivating and retaining talents in the areas of marketplace technologies, routing technologies, big data analytics and artificial intelligence technologies with competitive compensation. We made our recruitment plan for the next two years based on a holistic review of industry competition, our business development plan, our research and development project on hand and planned, our past recruitment experience, and market salary level of the talents we need. As we expect the competition in technology infrastructure to intensify among industry participants, we will need more research and development personnel and product and operations personnel to enhance our technological capabilities in data processing, map algorithm, risk control and mobile app development to serve our constantly growing user base, in order to maintain and strengthen our competitive edge. In 2023, we initiated eight new research and development projects, primarily relating to AI algorithm design, sales and marketing management, big data technologies, map POI search and route planning. We expect to initiate 13 and two research and development projects by December 31, 2024 and 2025, respectively, subject to changes in our actual needs and market conditions at the relevant time.

Over the next two years, we plan to recruit approximately 22 experienced research and development staff, including (1) 14 staff to increase the matching efficiency of our carpooling marketplace, comprising (a) six algorithm experts responsible for algorithm design for high concurrent network development, neural network, machine learning and deep learning, (b) six map experts responsible for map data management and route planning, and (c) two programming language and operating system engineers for *Dida Mobility App*; (2) four staff to improve our smart taxi services, comprising two programming language and operating system engineers for *Dida Taxi App* and two programming language and operating system engineers for smart taxi services, including digital toolkits of *Taxi Smart Code*, *Taxi Hailing Assistant* and *Phoenix Taxi Cloud*; and (3) four staff to advance our overall technological capabilities, comprising of two software architects responsible for designing and developing MySQL database and two risk control experts responsible for identifying, measuring, and making decisions on operational or enterprise risks.

We expect new recruits to have at least a bachelor's degree from leading universities and are proficient in the relevant fields. For example, we expect algorithm experts to be familiar with C, GO, Python and other programming languages, and software architects to be proficient in Nginx, Tomcat and other servers, as well as Java EE and other design tools. As for programming language and operating system engineers, we expect them to possess solid knowledge of data structure and advanced programming languages. In general, we expect all new recruits to have strong coding capabilities and deep understanding of machine learning. We expect to recruit 11 and 11 experienced research and development staff by December 31, 2024 and 2025, respectively, through the net proceeds of the Global Offering and additional research and development staff through the funding supplemented by cash generated from our operations, subject to changes based on our actual needs and market conditions at the relevant time.

FUTURE PLANS AND USE OF PROCEEDS

In addition, we plan to recruit approximately two product and operations staff over the next two years through the net proceeds of the Global Offering and additional product and operations staff through the funding supplemented by cash generated from our operations, for our different business lines. They will be responsible for planning and developing products for our carpooling marketplace services, smart taxi services and automobile value-added services, respectively. Specifically, for our carpooling marketplace services, we expect our newly recruited operations staff to develop safety products such as safety monitoring hardware for trajectory analysis, and route planning products for more accurate pickup point selection for users. For our smart taxi services, we expect our newly recruited operations staff to further develop the function of *Intelligent Taxi Roaming* in our *Dida Taxi App* by enhancing computation capability for more complicated and accurate real-time cruising guidance services to guide taxi drivers to high demand areas, and to further upgrade *Phoenix Taxi Cloud* by expanding capacity to enable data processing and analysis at larger scale. We set our recruitment plan in accordance with our business scale and growth strategies. As of the Latest Practicable Date, we rendered our taxi online-hailing services in 91 cities in China. We had entered into strategic cooperation agreements or memoranda for our taxi online-hailing and/or other smart taxi services with local transportation authorities, taxi companies and/or municipal or district taxi associations in 79 cities as of December 31, 2023, compared to 21 cities as of December 31, 2020. Going forward, we aim to expand into at least 75 cities and gradually launch our smart taxi collaboration in the next three years. In anticipation of the expansion of our smart taxi service operation, we need more product and operations staff to ensure and enhance our service capability. We expect new recruits to have at least three years of working experience in the relevant industry and possess unique insights into the business model, product design and user experience of each of the business lines. We expect to recruit one and one product and operations staff by December 31, 2024 and 2025, through the net proceeds of the Global Offering and additional product and operations staff through the funding supplemented by cash generated from our operations, respectively, subject to changes based on our actual needs and market conditions at the relevant time.

We plan to attract and retain talents by offering competitive compensation package. The average annual compensation for our experienced research and development staff and product and operations staff to be recruited will be at approximately RMB560,000 and RMB500,000 per person, respectively. As a result, we expect to invest HK\$6.6 million and HK\$13.2 million from the net proceeds of the Global Offering in the total compensation for the newly recruited research and development staff, and HK\$0.5 million and HK\$1.1 million from the net proceeds of the Global Offering in the total compensation for the newly recruited operations staff, in 2024 and 2025, respectively. We plan to cultivate talents by providing various trainings to employees of different levels, which generally will include trainings on corporate culture, technical safety, leadership, project management, stress and emotion management, big data analysis and interview skills; and

FUTURE PLANS AND USE OF PROCEEDS

- (ii) approximately 20.4%, or HK\$30.1 million, for upgrading the safety mechanism of our carpooling marketplace services and smart taxi services and equipment procurement, including (1) approximately 4.4%, or HK\$6.5 million, for procuring advanced servers and software to support sustained growth; and (2) approximately 16.0%, or HK\$23.6 million, for deploying smart hardware, facial recognition, virtual number and real-name authentication technologies to further improve user experience. Specifically, we plan to enhance the storage capacity for voice recording en route, transcribe the contents of voice calls generated from virtual numbers into words on a real-time basis to identify any potential risk, send more security alerts in text messages to our users, procure more storage and computing resources to collect and analyze trip data, and engage third-party service providers for additional security management tools. Additionally, we intend to apply facial recognition to more scenarios to detect non-compliant user behaviors during the rides, including not wearing seat belts, in-vehicle smoking while driving and drowsy driving. We also plan to further enhance the background check and verification procedures for our private car owners by adopting technology of optical character recognition to accurately identify image contents submitted.
- approximately 15.0%, or HK\$22.1 million, for enhancing monetization capabilities, including:
 - (i) approximately 14.3%, or HK\$21.1 million, for expanding the geographical coverage of our smart taxi services strategically on a regional or municipal basis by cooperating with more municipal transportation authorities and taxi associations to enhance monetization potential. Our expansion strategy is informed by the historical performance of our smart taxi services and the market trend of industry-wide digitalization as elaborated below.

While our taxi online-hailing business was negatively impacted by shifts in the competitive dynamics of the taxi online-hailing industry and the intensified competition from the ride-hailing industry, we believe that the decreasing trend of our taxi online-hailing services during the Track Record Period would not be long-lasting and would gradually improve for the following reasons. First, our extensive experience in China's taxi online-hailing sector and our strong ties with taxi companies, local transportation authorities and taxi associations are expected to benefit the long-term development of our other smart taxi services, which is expected to drive the recovery and growth of our taxi online-hailing business as discussed below. Second, given that many of the newly added ride-hailing drivers do not possess the necessary qualifications or permits to provide these services, we expect the temporary glut of drivers to recede as the industry sees tighter regulatory enforcement, according to the F&S Report.

FUTURE PLANS AND USE OF PROCEEDS

Moreover, our expansion strategy concerns not only our taxi online-hailing but, more importantly, our other smart taxi services. Our suite of other smart taxi services, such as *Taxi Smart Code* and *Taxi Hailing Assistant*, involves a wider range of stakeholders beyond drivers, riders and taxi online-hailing platforms. This includes taxi companies, local transportation authorities and taxi associations, aiming to deliver a more comprehensive solution to cities where these services are implemented. While we are still in the early stage of developing these other smart taxi services, we hope to attract more users to our platform through these services, which, in turn, is expected to drive the recovery and growth of our taxi online-hailing business.

From the industry perspective, although China's taxi industry, challenged by the rapidly growing ride-hailing market, has not fully embraced digitalization, it retained a considerable market share of 54.2% in China's car-based passenger transportation market in 2023, and is expected to maintain its dominance and vitality in the foreseeable future, according to the F&S Report. We anticipate that China's taxi industry will thrive from the accelerating digital transformation, and we believe that merging traditional roadside taxi-hailing with online hailing could introduce enhanced efficiency and flexibility in China's car-based passenger transportation market, according to the same source. Our business expansion plans are thus geared towards realizing this blend of taxi services. Accordingly, we have the following plans.

First, we plan to expand into more cities and gradually launch our smart taxi collaboration, which we believe would promote our service mode, cultivate user habit and accumulate user base for our platform to lay the foundation for the sustainable long-term growth of our smart taxi services. We will reach out to and collaborate with more local transportation authorities, taxi companies and/or municipal or district taxi associations for our smart taxi services. We will also introduce our experience accumulated from the cooperation with Xi'an Taxi Management Bureau and Xi'an Taxi Association to demonstrate how we would help improve the efficiency of the local taxi market and enhance the taxi operation management.

We had entered into strategic cooperation agreements or memoranda for our taxi online-hailing and/or other smart taxi services with local transportation authorities, taxi companies and/or municipal or district taxi associations in 79 cities as of December 31, 2023, compared to 21 cities as of December 31, 2020, which served as evidence supporting the viability of our expansion strategy. Particularly, as of the Latest Practicable Date, we had launched our other smart taxi services pursuant to the cooperation agreements with local transportation authorities and taxi associations in 17 cities, and are poised to replicate our local collaboration in other cities, such as Hohhot, Huangshi and Shaoyang where we have entered into strategic cooperation agreements, to gradually achieve our expansion plan. Pursuant to these strategic cooperation agreements, the local taxi associations and/or municipal transportation authorities undertake to, among other things, promote the use of our platform among

FUTURE PLANS AND USE OF PROCEEDS

taxi drivers and provide us with access to industry data and strong governmental support. Going forward, we intend to replicate our experience in cities such as Xi'an and expand into at least five, six and seven cities in 2024, 2025 and 2026, respectively. We have established communications with the first batch of five cities and started to offer *Taxi Smart Code* for the local taxi drivers, which displayed the convenience of our digital toolkits and promote our brand awareness. Moreover, we plan to gradually charge service fees in more cities for our smart tax services after achieving a heightened level of response rate, data accuracy, algorithm sophistication and user coverage. For instance, pursuant to the cooperation agreements in certain cities, we are eligible to charge service fees one year following the commencement of our services. We are communicating with our collaboration partners for the feasibility and timetable to start charging service fees.

Second, leveraging our established cooperation in these cities, we plan to spend marketing and promotional expenses directly on users by offering user incentives in the form of coupons or other referral bonuses in order to activate the regional market, instead of other indirect marketing activities, such as online advertising or offline educational campaigns. For instance, we plan to offer coupons through various online channels, such as WeChat and social media platforms, to increase our marketing exposure and engage more potential users. In this way, we expect to reduce the cost of attracting new taxi drivers and enhance monetization capabilities. We expect to incur local marketing and promotional expenses and staff expenses in connection with our geographical expansion plan; and

- (ii) approximately 0.7%, or HK\$1.0 million, for exploring monetization opportunities with our massive user base. We intend to further develop our advertising and other services to attract more corporate customers, including providing more customized advertising services. Leveraging our massive user base, we will focus on placing advertisements for third-party automobile value-added services providers on our platform to connect them with private car owners and taxi drivers and charge them commissions based on the sales leads generated or number of new customers they acquire through our platform.

In the event that the Offer Price is set at the high end or the low end of the Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$33.2 million, respectively. Under such circumstances, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis. If we obtain actual net proceeds less than the expected amount, we plan to finance the shortfall with our available bank balances and cash, anticipated cash flow from operations and bank loans or borrowings.

FUTURE PLANS AND USE OF PROCEEDS

In the event that the Over-allotment Option is exercised in full, we will receive net proceeds of HK\$177.0 million (after deducting the estimated underwriting commissions and other fees and expenses payable by us in connection with the Global Offering), assuming an Offer Price of HK\$6.00 per Share, being the mid-point of the indicative range of the Offer Price of HK\$5.00 to HK\$7.00 per Share. We intend to apply the additional net proceeds to the above purposes on a pro rata basis.

To the extent that the net proceeds are not immediately applied to the above purposes, we will only deposit the net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions.

UNDERWRITING

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited

Haitong International Securities Company Limited

Nomura International (Hong Kong) Limited

CMBC Securities Company Limited

ABCI Securities Company Limited

BOCI Asia Limited

CCB International Capital Limited

CMB International Capital Limited

China Galaxy International Securities (Hong Kong) Co., Limited

ICBC International Securities Limited

Tiger Brokers (HK) Global Limited

Futu Securities International (Hong Kong) Limited

Livermore Holdings Limited

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 3,909,500 Hong Kong Offer Shares and the International Offering of initially 35,181,500 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed “Structure of the Global Offering” as well as to the Over-Allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is offering initially 3,909,500 Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus at the Offer Price.

UNDERWRITING

Subject to (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be offered pursuant to the Global Offering as mentioned herein and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

For applicants applying under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering. The International Offering is expected to be fully underwritten by the International Underwriters.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange:

- (i) there shall develop, occur, exist or come into effect:
 - (a) any event, or series of events, in continuation or in the nature of force majeure (including any acts of government, declaration of a local, regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks, escalation, mutation or aggravation of diseases (including COVID-19, SARS, swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome (MERS) and such related/mutated forms), economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or directly or indirectly affecting Hong Kong, the PRC, the Cayman Islands, the United States, the United Kingdom, the European Union (or any member thereof), Japan or Singapore or any other jurisdiction relevant to any member of the Group (collectively, the “**Relevant Jurisdictions**”);
 - (b) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

UNDERWRITING

- (c) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Singapore Stock Exchange or the Tokyo Stock Exchange;
- (d) any general moratorium on commercial banking activities in or affecting any of the Relevant Jurisdictions (declared by the relevant authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;
- (e) any new law or regulation or any change or development involving a prospective change in existing laws or regulations, or any event or circumstance or series of events likely to result in any change or development involving a prospective change in the interpretation or application thereof by any court or any governmental or regulatory authority in or affecting any of the Relevant Jurisdictions;
- (f) the imposition of economic sanctions or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions applicable to the business operations of the Group;
- (g) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including a material devaluation of the Hong Kong dollar, United States dollar or RMB against any foreign currency, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or adversely affecting an investment in the Offer Shares;
- (h) the issue or requirement to issue by the Company of a supplement or amendment to this prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC;
- (i) any change or development involving a prospective change in, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus;
- (j) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity;
- (k) any litigation, dispute, legal action or claim being threatened or instigated against any member the Group, any Controlling Shareholders or any Directors;

UNDERWRITING

- (l) the chairman, chief executive officer, chief financial officer, any Director or members of senior management of the Company as disclosed in this prospectus is vacating his or her office or is being charged with an indictable offence or is prohibited by operation of laws or otherwise disqualified from taking part in the management or taking directorship of a company;
- (m) there is the commencement by any authority of any investigation or action against any Director or members of senior management as disclosed in this prospectus in his or her capacity as such, any member of the Group, or any of the Controlling Shareholders, or announcement by any authority of its intention to commence such investigate or take any such action;
- (n) there is any order or petition for the winding-up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;
- (o) any contravention by the Company, any member of the Group, any Directors or any Controlling Shareholders of any applicable laws and regulations including the Listing Rules; or
- (p) any non-compliance of this prospectus, the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules, the CSRC Rules (as defined in the Hong Kong Underwriting Agreement) or any other applicable laws and regulations,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), (1) has or will or may have a material adverse effect or any development involving a prospective material adverse effect, on or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole; (2) has or will or may have a material adverse effect on the success or marketability of the Global Offering or the level of applications or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; (3) makes, will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by this prospectus; or (4) has or will or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

UNDERWRITING

- (ii) there has come to the notice of the Joint Sponsors and the Overall Coordinators that:
- (a) any statement contained in the PHIP, the Offering Documents, the formal notice, the Preliminary Offering Circular (each as defined in the Hong Kong Underwriting Agreement), and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Global Offering (including any supplement or amendment thereto (the “**Offer-Related Documents**”)) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions;
 - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer-Related Documents (including any supplement or amendment thereto);
 - (c) there is a breach of any of the obligations imposed upon the Company or the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;
 - (d) there is an event, act or omission which gives or is likely to give rise to any material liability of the Company or the Controlling Shareholders pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;
 - (e) there is any material adverse change or development or likely to be any a prospective material adverse change or development in the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, earnings, solvency, liquidity position, funding, results of operations, performance, position or condition, financial or otherwise, of the Group as a whole;
 - (f) there is a breach of, or any event or circumstances rendering untrue, inaccurate, incorrect, incomplete or misleading in any respect, any of the warranties given by the Company or the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;
 - (g) the approval of the Listing Committee of the listing of, and permission to deal in, (i) the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the Shares to be issued pursuant to the Share Incentive Schemes on the Main Board of the Stock Exchange is refused or not granted, other than subject to customary conditions, on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;

UNDERWRITING

- (h) any person has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;
- (i) the Company withdraw the this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;
- (j) that a material portion of the orders placed or confirmed in the bookbuilding process have been withdrawn, terminated or cancelled; or
- (k) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including any additional Shares to be issued pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering,

then the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their absolute discretion and upon giving notice orally or in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that no further Shares or securities convertible into Shares (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except for:

- (a) the issue of shares, the listing of which has been approved by the Stock Exchange, pursuant to a share option scheme under Chapter 17 of the Listing Rules;
- (b) any capitalization issue, capital reduction or consolidation or sub-division of Shares;
- (c) issue of Shares or securities pursuant to the Global Offering (including any exercise of the Over-Allotment Option); and
- (d) any other applicable circumstances provided under Rule 10.08 of the Listing Rules.

UNDERWRITING

Undertakings by the group of our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the members of the group of our Controlling Shareholders has undertaken to the Stock Exchange and to us that, except pursuant to the Global Offering (including the Over-allotment Option), it will not, and shall procure that none of its close associates will, without the prior written consent of the Stock Exchange or unless otherwise permitted under the Listing Rules:

- (a) at any time in the period commencing on the date by reference to which disclosure of his/her/its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner.
- (b) at any time in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests, or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a member of the group of our Controlling Shareholders of our Company.

Note 2 to Rule 10.07(2) of the Listing Rules provides that Rule 10.07 does not prevent a member of the group of our Controlling Shareholders from using the Shares beneficially owned by it/him/her as security (including a charge or pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

Further, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the members of the group our Controlling Shareholders has undertaken to the Stock Exchange and to us that, within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date:

- (a) when it pledges or charges any Shares beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform us and the Stock Exchange of such pledge or charge together with the number of Shares so pledged or charged; and
- (b) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform us and the Stock Exchange of such indications.

We will inform the Stock Exchange as soon as we have been informed of the above matters, if any, by any member of the group of our Controlling Shareholders and disclose such matters as soon as possible after being so informed.

UNDERWRITING

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by the Company

The Company has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Syndicate Capital Market Intermediaries and the Hong Kong Underwriters that except for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to the Over-allotment Option), and the issue of any Shares pursuant to the Share Incentive Schemes as disclosed in this prospectus or otherwise in compliance with the Listing Rules during the period commencing on the date of this Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), it will not to, and procure each other member of the Group not to, without the prior written consent of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) offer, allot, issue, sell, accept subscription for, contract to allot, issue or sell, offer or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, right or contract to purchase, purchase any option, warrant, right or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of or create an encumbrance (an “**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in any Shares or other securities of the Company, or any shares or other securities of such other member of the Group, as applicable, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares or other securities of such other member of the Group, as applicable), or deposit any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest therein (including any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares or other securities of such other member of the Group, as applicable); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or contract to or agree to, or publicly announce any intention to enter into any transaction described in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares, in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-month Period). In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), the Company enters into any of the transactions specified in (i), (ii) or (iii)

UNDERWRITING

above or offers to or agrees to or contracts to or announces, or publicly discloses, any intention to, enter into any such transactions, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company. Each of the Controlling Shareholders undertakes to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Syndicate Capital Market Intermediaries and the Hong Kong Underwriters to procure the Company and each other member of the Group to comply with the undertakings as specified in (i), (ii) (iii) or (iv) above.

Undertakings by the group of our Controlling Shareholders

Each of the Controlling Shareholders has undertaken to each of the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Syndicate Capital Market Intermediaries and the Hong Kong Underwriters that, without the prior written consent of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) it will not, and will procure that none of the relevant registered holder(s), any nominee or trustee holding on trust for it, or its affiliates or companies controlled by it will, at any time during the First Six-Month Period, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any legal or beneficial interest therein (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any Shares or other securities of the Company) beneficially owned by it (the “**Locked-up Securities**”) or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts; or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Locked-up Securities; or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above, or (d) offer to or contract to or agree to, or publicly announce any intention to enter into any transaction described in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities of the Company will be completed within the First Six-Month Period);
- (ii) during the Second Six-Month Period, it will not, and will procure that the relevant registered holder(s) or its affiliates or companies controlled by it will not, enter into any of the transactions described in (a), (b) or (c) above or offer to or contract to or agree to or publicly announce any intention to effect any such transaction if, immediately following such transaction or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it, directly or indirectly, whether individually or collectively with the other Controlling Shareholders, will cease to be a controlling shareholder (as defined under the Listing Rules) of the Company; and

UNDERWRITING

- (iii) until the expiry of the Second Six-Month Period, in the event that it or the relevant registered holder(s) enters into any of the transactions described in (a), (b) or (c) above or offers to or contracts to or agrees to or publicly announces any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company,

provided nothing in these undertakings shall prevent (a) the Controlling Shareholders from using the Locked-up Securities as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan and (b) the lending of Shares pursuant to the Stock Borrowing Agreement.

The Company has undertaken that, as soon as practicable upon receiving such information in writing from any member of the group of our Controlling Shareholders and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

Indemnity

Our Company has agreed to indemnify, among others, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Syndicate Capital Market Intermediaries and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement, as the case may be.

Hong Kong Underwriters' Interests in our Company

Except for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

In connection with the International Offering, it is expected that the Company will enter into the International Underwriting Agreement with the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-Allotment Option, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to subscribe for or purchase or procure subscribers or purchasers for their respective proportions of the International Offer Shares which are not taken up under the International Offering. See the section headed “Structure of the Global Offering—The International Offering.”

UNDERWRITING

Over-Allotment Option

The Company is expected to grant to the International Underwriters the Over-Allotment Option, exercisable by the Overall Coordinators on behalf of the International Underwriters during the 30-day period from the last day for lodging of applications under the Hong Kong Public Offering, which will end on Thursday, July 25, 2024, to require the Company to issue and allot up to an aggregate of 5,863,500 additional Offer Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed. See the section headed “Structure of the Global Offering—The International Offering—Over-Allotment Option.”

Commissions and Expenses

The Underwriters will receive a fixed underwriting commission of approximately 11.0% in aggregate of the gross proceeds to be raised from the Global Offering (assuming an indicative Offer Price of HK\$6.00 per Offer Share which is the mid-point of the indicative Offer Price range and that the Over-allotment Option is not exercised), out of which they will pay any sub-underwriting commissions and other fees. The Underwriters may receive a discretionary incentive fee of up to approximately 4.0% of the gross proceeds to be raised from the Global Offering (including proceeds from any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option), the payment and allocation of which shall be determined in the sole discretion of the Company. Accordingly, the ratio of the fixed fees and discretionary fees payable by the Company to all syndicate members is expected to be approximately 73.3:26.7 (assuming an indicative Offer Price of HK\$6.00 per Offer Share which is the mid-point of the indicative Offer Price range and that the Over-allotment Option is not exercised).

For any unsubscribed Hong Kong Public Offer Shares reallocated to the International Offering, the relevant International Underwriters will be paid at the rate applicable to the International Offering.

Based on an Offer Price of HK\$6.00 per Share, being the mid-point of the Offer Price range, the fees and commissions together with the Stock Exchange trading fee, the SFC transaction levy and AFRC transaction levy payable by the Company in connection with the offering of the Shares under the Hong Kong Public Offering and the International Offering, together with the legal and other professional fees, printing and other expenses payable by us in relation to the Global Offering, are estimated to amount to approximately HK\$87.39 million in aggregate (assuming the Over-Allotment Option is not exercised). Such fees, commissions, the Stock Exchange trading fee, the SFC transaction levy, the AFRC transaction levy and the fees and expenses of professional advisors and service providers engaged in relation to the Global Offering are payable and borne by us.

UNDERWRITING

Joint Sponsors' Fee

An aggregate amount of US\$1,000,000 is payable by the Company as sponsor fee to the Joint Sponsors.

Over-Allotment and Stabilization

Details of the arrangements relating to the Over-Allotment Option and stabilization are set forth in the section headed "Structure of the Global Offering."

INDEPENDENCE OF THE JOINT SPONSORS

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

UNDERWRITING

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in “Structure of the Global Offering.” Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager through its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to us and our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

39,091,000 Offer Shares will be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of 3,909,500 Shares (subject to adjustment) in Hong Kong as described in the paragraph headed “—The Hong Kong Public Offering” below; and
- (b) the International Offering of an aggregate of initially 35,181,500 Shares (subject to adjustment and the Over-Allotment Option) outside the United States in reliance on Regulation S, as described in the paragraph headed “—The International Offering” below.

Investors may either:

- (a) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (b) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 3.9% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-Allotment Option is not exercised. If the Over-Allotment Option is exercised in full, the Offer Shares will represent approximately 4.5% of the total Shares in issue immediately following the completion of the Global Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

The Company is initially offering 3,909,500 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The number of Shares offered under the Hong Kong Public Offering, subject to any adjustment of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.4% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-Allotment Option is not exercised.

STRUCTURE OF THE GLOBAL OFFERING

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed “—Conditions of the Global Offering” below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools (with any odd lots being allocated to pool A), pool A (being an aggregate of 1,955,000 Shares) and pool B (being an aggregate of 1,954,500 Shares). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for the Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 1,954,500 Hong Kong Offer Shares, being approximately 50% of the 3,909,500 Hong Kong Offer Shares initially available under the Hong Kong Public Offering are liable to be rejected.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation and Clawback

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached (“**Mandatory Reallocation**”):

- (a) 3,909,500 Offer Shares available in the Hong Kong Public Offering, representing approximately 10% of the Offer Shares initially available under the Global Offering;

in the event that the International Offer Shares are fully subscribed or oversubscribed

- (b) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering such that the total number of Offer Shares initially available under the Hong Kong Public Offering will be 11,727,500 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;
- (c) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering such that the total number of Offer Shares initially available under the Hong Kong Public Offering will be 15,636,500 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and
- (d) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering such that the total number of Offer Shares initially available under the Hong Kong Public Offering will be 19,545,500 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate. In addition, the Overall Coordinators may reallocate the Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

In addition to any Mandatory Reallocation which may be required, the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Joint Sponsors may, at their discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering **provided that** the Offer Price would be set at the bottom end of the indicative Offer Price range, being HK\$5.00, up to 3,908,500 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 7,818,000 Offer Shares, representing approximately 20.00% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-Allotment Option), in accordance with Chapter 4.14 of the Listing Guide.

The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinators.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$7.00 per Offer Share in addition to the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed “—Pricing of the Global Offering” below, is less than the Maximum Offer Price of HK\$7.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy attributable to the surplus application monies) will be made to successful applicants, without interest (subject to application channels). Further details are set out below in the section headed “How to Apply for Hong Kong Offer Shares.”

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

Subject to reallocation as described above, the International Offering will consist of an offering of initially 35,181,500 Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering and approximately 3.5% of the total Shares in issue immediately after the completion of the Global Offering, assuming the Over-Allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States only in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the paragraph headed “—Pricing of the Global Offering” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and the Shareholders as a whole.

The Overall Coordinators (on behalf of the Underwriters) may require any investor who has been offered the Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation and Clawback

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of, amongst others, the clawback arrangement described in the paragraph headed “—The Hong Kong Public Offering—Reallocation and Clawback” above, the exercise of the Over-Allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

Over-Allotment Option

In connection with the Global Offering, the Company is expected to grant an Over-Allotment Option to the International Underwriters exercisable by the Overall Coordinators on behalf of the International Underwriters.

Pursuant to the Over-Allotment Option, the International Underwriters have the right, exercisable by the Overall Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue and allot up to an aggregate of 5,863,500 additional Offer Shares, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover over-allocations in the International Offering, if any. If the Over-Allotment Option is exercised in full, the additional Offer Shares will represent approximately 0.6% of the total Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-Allotment Option. In the event that the Over-Allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, a decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager through its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Shares for a limited period after the Listing Date at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager through its affiliates of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. “Covered” short sales are sales made in an amount not greater than the Over-Allotment Option. The Stabilizing Manager through its affiliates may close out the covered short position by either exercising the Over-Allotment Option to purchase additional Shares or purchasing Shares in the open market. In determining the source of the Shares to close out the covered short position, the Stabilizing Manager through its affiliates will consider, among others, the price of Shares in the open market as compared to the price at which they may purchase additional Shares pursuant to the Over-Allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Shares while the Global Offering is in progress. Any market purchases of the Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, **provided that** they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager through its affiliates or any person acting for it to conduct any such

STRUCTURE OF THE GLOBAL OFFERING

stabilizing action, which if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager through its affiliates or any person acting for it, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. The number of the Shares that may be over-allocated will not exceed the number of the Shares that may be sold and transferred pursuant to the exercise of the Over-Allotment Option, namely, 5,863,500 Offer Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-Allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

- (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares;
- (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price of the Shares;
- (c) subscribing, or agreeing to subscribe, for the Shares to be sold and transferred pursuant to the exercise of the Over-Allotment Option in order to close out any position established under (a) or (b) above;
- (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;
- (e) selling or agreeing to sell any Shares to liquidate any position established as a result of those purchases; and
- (f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager through its affiliates, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

Prospective applications for investors in the Offer Shares should note that:

- (a) as a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilizing Manager through its affiliates, or any person acting for it, may maintain a long position in the Shares;
- (b) the size of the long position, and the period for which the Stabilizing Manager through its affiliates, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager through its affiliates and is uncertain;
- (c) liquidation of any such long position by the Stabilizing Manager through its affiliates and selling in the open market may lead to a decline in the market price of the Shares;

STRUCTURE OF THE GLOBAL OFFERING

- (d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period, which begins on the Listing Date, and is expected to expire on Thursday, July 25, 2024, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and their market price, could fall after the end of the stabilizing period. These activities by the Stabilizing Manager through its affiliates may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market;
- (e) any stabilizing action taken by the Stabilizing Manager through its affiliates, or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilizing period; and
- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at a price at or below the Offer Price and therefore at or below the price paid by applicants for, or investors in, the Offer Shares.

An announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it may choose to borrow up to 5,863,500 Shares, representing approximately 15% of the Offer Shares, from 5brothers Limited to cover over-allocations (being the maximum number of additional Shares which may be allotted and issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercising of the Over-allotment Option.

If such Stock Borrowing Arrangement is entered into, the borrowing of Shares will only be effected by the Stabilizing Manager or any person acting for it for settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, **provided that** the requirements set out in Rule 10.07(3) of the Listing Rules are complied with, being that (a) the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering; (b) the maximum number of Shares to be borrowed from 5brothers Limited pursuant to the Stock Borrowing Agreement is the maximum number of Shares that may be issued upon full exercise of the Over-Allotment Option; (c) the same number of Shares so borrowed must be returned to 5brothers Limited or its nominees, as the case may be, on or before the third business day following the earlier of (i) the last day for exercising the Over-Allotment Option, and (ii) the day on which the Over-Allotment Option is exercised in full or such earlier time as may be agreed in writing between the parties; (d) the stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements; and (e) no payments will be made to 5brothers Limited by the Stabilizing Manager in relation to the stock borrowing arrangement.

STRUCTURE OF THE GLOBAL OFFERING

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investor indications of interest in acquiring International Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Wednesday, June 26, 2024 and in any event on or before 12:00 noon on Wednesday, June 26, 2024, by agreement among the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$7.00 per Offer Share and is expected to be not less than HK\$5.00 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the bottom end of the indicative Offer Price range stated in this prospectus.**

The Overall Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of the Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be posted on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.didachuxing.com) notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price range. The Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction.

In the absence of any such notice so published, the number of Offer Shares will not be reduced and the Offer Price, if agreed upon with the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, The Company will issue a supplemental prospectus or new prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Overall Coordinators may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, **provided that** the number of Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators.

The final Offer Price for Offer Shares under the Global Offering, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocation in the Hong Kong Public Offering are expected to be announced on Thursday, June 27, 2024 through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares—B. Publication of Results.”

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed “Underwriting.”

STRUCTURE OF THE GLOBAL OFFERING

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Share which may be issued by us pursuant to the exercise of the Over-allotment Option) and such approval not having been withdrawn;
- (ii) the Offer Price having been duly agreed among the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

In each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed among the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on or before 12:00 noon on Wednesday, June 26, 2024, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

STRUCTURE OF THE GLOBAL OFFERING

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.didachuxing.com) on the next day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares.” In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Thursday, June 27, 2024 but will only become valid evidence of title at 8:00 a.m. on Friday, June 28, 2024 **provided that** (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting—Underwriting arrangements and expenses—The Hong Kong Public Offering — Grounds for Termination” has not been exercised at or before that time.

DEALING IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, June 28, 2024, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, June 28, 2024. The Shares will be traded in board lots of 500 Shares each and the stock code of the Shares will be 02559.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.didachuxing.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address (*for the **HK eIPO White Form** service only*); and
- are outside the United States (within the meaning of Regulation S), or are a person described in paragraph (h)(3) of Rule 902 of Regulation S.

If you are applying for the Hong Kong Offer Shares by instructing your **broker** or **custodian** who is an HKSCC Participant to submit **electronic application instructions** via FINI on your behalf, please contact them for the required items and procedures.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Unless permitted by the Listing Rules or a waiver and/or consent has been granted to us by the Stock Exchange, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing beneficial owner of shares in the Company and/or any of its subsidiaries;
- are a Director or chief executive of the Company and/or any of the Company's subsidiaries;
- are a connected person of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- are an associate of any of the above persons; or
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participated in the International Offering.

2. Application Channels

The Hong Kong Public Offering will begin at 9:00 a.m. on Thursday, June 20, 2024 and end at 12:00 noon on Tuesday, June 25, 2024 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application

Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	IPO App (which can be downloaded by searching “ IPO App ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp) or www.hkeipo.hk	Investors who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Thursday, June 20, 2024 to 11:30 a.m. on Tuesday, June 25, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Tuesday, June 25, 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction	Investors who would <u>not</u> like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants

- Full name(s)⁽²⁾ as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. HKID card; or
 - ii. National identification document; or
 - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)⁽²⁾ as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. LEI registration document; or
 - ii. Certificate of incorporation; or
 - iii. Business registration certificate; or
 - iv. Other equivalent document; and
- Identity document number

Notes:

- (1) If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
- (2) The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
- (3) If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
- (4) The maximum number of joint account holders on FINI is capped at four in accordance with market practice.
- (5) If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
- (6) If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

HOW TO APPLY FOR HONG KONG OFFER SHARES

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney’s authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 500

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$7.00 per Share.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment
	HK\$		HK\$		HK\$		HK\$
500	3,535.30	7,000	49,494.16	50,000	353,529.76	700,000	4,949,416.50
1,000	7,070.60	8,000	56,564.75	60,000	424,235.70	800,000	5,656,476.00
1,500	10,605.89	9,000	63,635.35	70,000	494,941.66	900,000	6,363,535.50
2,000	14,141.19	10,000	70,705.96	80,000	565,647.60	1,000,000	7,070,595.00
2,500	17,676.49	15,000	106,058.93	90,000	636,353.56	1,200,000	8,484,714.00
3,000	21,211.79	20,000	141,411.90	100,000	707,059.50	1,400,000	9,898,833.00
3,500	24,747.08	25,000	176,764.88	200,000	1,414,119.00	1,600,000	11,312,952.00
4,000	28,282.38	30,000	212,117.86	300,000	2,121,178.50	1,800,000	12,727,071.00
4,500	31,817.68	35,000	247,470.83	400,000	2,828,238.00	1,954,500 ⁽¹⁾	13,819,477.92
5,000	35,352.98	40,000	282,823.80	500,000	3,535,297.50		
6,000	42,423.56	45,000	318,176.78	600,000	4,242,357.00		

Notes:

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “—A. Applications for Hong Kong Offer Shares—3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

HOW TO APPLY FOR HONG KONG OFFER SHARES

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus, the **IPO App** and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Relevant Persons⁽¹⁾, the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

¹ Relevant Persons would include the Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed “—G. Personal Data—3. Purposes” and “—G. Personal Data—4. Transfer of personal data” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “—B. Publication of Results” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “—C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares” in this section;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xiii) confirm that (a) your application or HKSCC Nominees’ application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** Service Provider or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC or the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

<u>Platform</u>	<u>Date/Time</u>
Applying through the HK eIPO White Form service or HKSCC EIPO channel:	
Website	From the “IPO Results” function in the IPO App or at the designated results of allocations website at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult with a “search by ID” function.
	24 hours, from 11:00 p.m. on Thursday, June 27, 2024 to 12:00 midnight on Wednesday, July 3, 2024 (Hong Kong time)

The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result.

HOW TO APPLY FOR HONG KONG OFFER SHARES

<u>Platform</u>	<u>Date/Time</u>
The Stock Exchange's website at www.hkexnews.hk and our website www.didachuxing.com which will provide links to the above mentioned websites of the Hong Kong Share Registrar.	No later than 11:00 p.m. on Thursday, June 27, 2024 (Hong Kong time).
Telephone +852 3691 8488 – the allocation results telephone enquiry line provided by the Hong Kong Share Registrar	between 9:00 a.m. and 6:00 p.m., from Friday, June 28, 2024 to Thursday, July 4, 2024 (Hong Kong time) (excluding Saturday, Sunday, and public holidays in Hong Kong)

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Wednesday, June 26, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Wednesday, June 26, 2024 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.didachuxing.com by no later than 11:00 p.m. on Thursday, June 27, 2024 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “—A. Applications for Hong Kong Offer Shares—5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant’s actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

HOW TO APPLY FOR HONG KONG OFFER SHARES

D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid at 8:00 a.m. on Friday, June 28, 2024, **provided that** the Global Offering has become unconditional in all respects at or before that time and the right of termination described in the section headed “Underwriting” has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	<u>HK eIPO White Form service</u>	<u>HKSCC EIPO channel</u>
Despatch/collection of Share certificate²		
For application of 1,000,000 Hong Kong Offer Shares or more	<p>Collection in person at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong</p> <p>Time: from 9:00 a.m. to 1:00 p.m. on Friday, June 28, 2024 (Hong Kong time)</p> <p>If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop.</p>	<p>Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant’s stock account</p> <p>No action by you is required</p>

² Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or Extreme Conditions in the morning on Thursday, June 27, 2024 rendering it impossible for the relevant Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “—E. Severe Weather Arrangements” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

HK eIPO White Form service

HKSCC EIPO channel

Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

Note: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk

For application of less than 1,000,000 Hong Kong Offer Shares

Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk

Date: Thursday, June 27, 2024

Refund mechanism for surplus application monies paid by you

Date	Friday, June 28, 2024	Subject to the arrangement between you and your broker or custodian
Responsible party	Hong Kong Share Registrar	Your broker or custodian
Application monies paid through single bank account	HK eIPO White Form e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund check(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

HOW TO APPLY FOR HONG KONG OFFER SHARES

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Tuesday, June 25, 2024 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions (collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, June 25, 2024.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Severe Weather Signals** in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.didachuxing.com of the revised timetable.

If a **Severe Weather Signal** is hoisted on Thursday, June 27, 2024, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Friday, June 28, 2024.

If a **Severe Weather Signal** is hoisted on Thursday, June 27, 2024, for application of less than 1,000,000 Hong Kong Offer Shares, the despatch of physical Share certificate(s) will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Thursday, June 27, 2024 or on Friday, June 28, 2024).

If a **Severe Weather Signal** is hoisted on Friday, June 28, 2024, for application of 1,000,000 Hong Kong Offer Shares or more, physical Share certificates will be available for collection in person at the Hong Kong Share Registrar’s office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, June 28, 2024 or on Tuesday, July 2, 2024).

Prospective investors should be aware that if they choose to receive physical Share certificates issued in their own name, there may be a delay in receiving the Share certificates.

HOW TO APPLY FOR HONG KONG OFFER SHARES

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

HOW TO APPLY FOR HONG KONG OFFER SHARES

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. Transfer of personal data

Personal data held by the Company and the Hong Kong Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-52 received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DIDA INC., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, HAITONG INTERNATIONAL CAPITAL LIMITED AND NOMURA INTERNATIONAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Dida Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-52, which comprises the consolidated statements of financial position of the Group as at 31 December 2021, 2022 and 2023, the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and the consolidated statements of profit or loss and other comprehensive expense, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended 31 December 2023 (the "Track Record Period") and a summary of material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-52 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 20 June 2024 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2021, 2022 and 2023, of the Company's financial position as at 31 December 2021, 2022 and 2023, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 16 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period and states that no dividend has been declared or paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu*Certified Public Accountants*

Hong Kong

20 June 2024

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE (EXPENSE) INCOME

	Notes	Year ended 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
Revenue	6	780,583	569,078	815,085
Cost of services		(149,319)	(141,515)	(209,714)
Gross profit		631,264	427,563	605,371
Other income	7	8,351	15,570	19,551
Other gains and losses	8	2,423	4,379	6,670
Impairment losses under expected credit loss model, net of reversal	10	(670)	(1,161)	1,441
Selling and marketing expenses		(255,867)	(234,941)	(233,647)
Administrative expenses		(26,842)	(35,330)	(31,980)
Research and development expenses		(60,071)	(88,995)	(121,699)
Change in fair value of preferred shares	25	1,521,173	(234,138)	209,282
Share-based payment expenses	28	(22,725)	(29,804)	(110,351)
Finance costs	9	(274)	(230)	(285)
Listing expense		(5,484)	(8,397)	(24,102)
Profit (loss) before taxation		1,791,278	(185,484)	320,251
Income tax expense	11	(60,272)	(2,147)	(19,867)
Profit (loss) for the year	12	1,731,006	(187,631)	300,384
Other comprehensive (expense) income				
Item that will not be reclassified to profit or loss				
Fair value change on preferred shares attributable to changes in credit risk		(637)	(3,224)	163
Total comprehensive income (expense) for the year		1,730,369	(190,855)	300,547
Earnings (loss) per share				
– Basic (RMB)	15	5.26	(0.59)	0.93
– Diluted (RMB)	15	0.22	(0.59)	0.10

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property and equipment	17	16,470	10,351	8,022
Right-of-use assets	18	1,244	5,466	5,184
Deferred tax assets	27	106,649	104,502	84,635
Other non-current assets		53	1,193	516
		<u>124,416</u>	<u>121,512</u>	<u>98,357</u>
Current assets				
Trade receivables	20	34,714	20,096	11,890
Prepayments, deposits and other receivables	21	46,736	28,443	38,124
Financial assets at fair value through profit or loss	19	220,308	150,740	352,834
Restricted cash	22	289,144	277,775	386,632
Bank balances and cash	22	486,299	663,230	685,522
		<u>1,077,201</u>	<u>1,140,284</u>	<u>1,475,002</u>
Current liabilities				
Trade and other payables	23	531,670	511,349	622,225
Lease liabilities	24	563	4,548	2,565
Contract liabilities		136	96	–
Convertible redeemable preferred shares	25	2,342,487	4,465,607	4,256,162
		<u>2,874,856</u>	<u>4,981,600</u>	<u>4,880,952</u>
Net current liabilities		<u>(1,797,655)</u>	<u>(3,841,316)</u>	<u>(3,405,950)</u>
Total assets less current liabilities		<u>(1,673,239)</u>	<u>(3,719,804)</u>	<u>(3,307,593)</u>
Non-current liabilities				
Lease liabilities	24	342	586	1,899
Convertible redeemable preferred shares	25	1,885,758	–	–
		<u>1,886,100</u>	<u>586</u>	<u>1,899</u>
Net liabilities		<u>(3,559,339)</u>	<u>(3,720,390)</u>	<u>(3,309,492)</u>
Capital and reserves				
Share capital	26	224	224	212
Reserves		<u>(3,559,563)</u>	<u>(3,720,614)</u>	<u>(3,309,704)</u>
Total equity		<u>(3,559,339)</u>	<u>(3,720,390)</u>	<u>(3,309,492)</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	At 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
Non-current assets				
Interest in a subsidiary	37	1,689,752	1,719,556	1,829,907
Amount due from a subsidiary	36	19,634	176,220	181,964
		<u>1,709,386</u>	<u>1,895,776</u>	<u>2,011,871</u>
Current assets				
Prepayments, deposits and other receivables	21	–	1,453	4,838
Bank balances and cash		2,524	2,067	174
		<u>2,524</u>	<u>3,520</u>	<u>5,012</u>
Current liabilities				
Trade and other payables	23	1,945	10,799	10,488
Convertible redeemable preferred shares	25	2,342,487	4,465,607	4,256,162
		<u>2,344,432</u>	<u>4,476,406</u>	<u>4,266,650</u>
Net current liabilities		<u>(2,341,908)</u>	<u>(4,472,886)</u>	<u>(4,261,638)</u>
Total assets less current liabilities		<u>(632,522)</u>	<u>(2,577,110)</u>	<u>(2,249,767)</u>
Non-current liability				
Convertible redeemable preferred shares	25	1,885,758	–	–
		<u>1,885,758</u>	<u>–</u>	<u>–</u>
Net liabilities		<u>(2,518,280)</u>	<u>(2,577,110)</u>	<u>(2,249,767)</u>
Capital and reserves				
Share capital	26	224	224	212
Reserves	35	(2,518,504)	(2,577,334)	(2,249,979)
Total equity		<u>(2,518,280)</u>	<u>(2,577,110)</u>	<u>(2,249,767)</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Treasury stock	Share premium	Other reserves (Note i)	Share-based payment reserves	Fair value through other comprehensive income reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	224	(13)	210,053	(15,901)	13,316	(184,505)	(5,273,987)	(5,250,813)
Profit for the year	-	-	-	-	-	-	1,731,006	1,731,006
Other comprehensive expense for the year	-	-	-	-	-	(637)	-	(637)
Total comprehensive (expense) income for the year	-	-	-	-	-	(637)	1,731,006	1,730,369
Share-based payment expenses	-	-	-	-	22,725	-	-	22,725
Repurchase of ordinary shares and transfer to treasury stock (Note ii)	-	(144,165)	-	82,545	-	-	-	(61,620)
Vest of restricted shares and exercise of share options	-	1	6,844	-	(6,845)	-	-	-
At 31 December 2021	224	(144,177)	216,897	66,644	29,196	(185,142)	(3,542,981)	(3,559,339)
Loss for the year	-	-	-	-	-	-	(187,631)	(187,631)
Other comprehensive expense for the year	-	-	-	-	-	(3,224)	-	(3,224)
Total comprehensive expense for the year	-	-	-	-	-	(3,224)	(187,631)	(190,855)
Share-based payment expenses	-	-	-	-	29,804	-	-	29,804
Vest of restricted shares and exercise of share options	-	1	11,011	-	(11,012)	-	-	-
At 31 December 2022	224	(144,176)	227,908	66,644	47,988	(188,366)	(3,730,612)	(3,720,390)

	Attributable to owners of the Company							
	Share capital	Treasury stock	Share premium	Other reserves (Note i)	Share-based payment reserves	Fair value through other comprehensive income reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year	-	-	-	-	-	-	300,384	300,384
Other comprehensive income for the year	-	-	-	-	-	163	-	163
Total comprehensive income for the year	-	-	-	-	-	163	300,384	300,547
Share-based payment expenses	-	-	-	-	110,351	-	-	110,351
Cancellation of shares (Note ii)	(12)	144,165	(61,608)	(82,545)	-	-	-	-
Transfer out of treasury stock (Note iii)	-	3	-	(3)	-	-	-	-
Vest of restricted shares and exercise of share options (Note iv)	-	1	34,448	60,340	(94,789)	-	-	-
At 31 December 2023	<u>212</u>	<u>(7)</u>	<u>200,748</u>	<u>44,436</u>	<u>63,550</u>	<u>(188,203)</u>	<u>(3,430,228)</u>	<u>(3,309,492)</u>

Note i: Other reserves as at 1 January 2021 mainly represent repurchase of ordinary shares and the issuance of ordinary shares with nil consideration before the Track Record Period.

Note ii: On 24 August 2021, the Company repurchased 19,174,874 ordinary shares from 5brothers Limited at the price of US\$0.50 per share (the aggregate consideration of US\$9,500,000 in total, approximately RMB61,620,000) and reserved as treasury stock for share incentive. This transaction is accounted for as an equity transaction, with difference between consideration paid and the fair value of ordinary shares at the transaction date (US\$0.66 per share) recorded in other reserves. On 31 March 2023, the Company cancelled all repurchased shares of 19,174,874 shares.

Note iii: On 31 March 2023, as approved by the shareholders of the Company, 4,347,500 shares originally contributed and donated by 5brothers Limited (a company owned by five executive directors of the Company, including Mr. Song, the founder and chief executive officer of the Company) for share incentive schemes were returned and transferred back to Mr. Song through 5brothers Limited. The transaction is accounted for as share-based compensation to Mr. Song.

Note iv: The amount recorded in other reserves represents shares to be issued in relation to the 2023 Grants as details disclosed in Note 28.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
OPERATING ACTIVITIES			
Profit (loss) before taxation	1,791,278	(185,484)	320,251
Adjustments for:			
Depreciation of property and equipment	9,230	7,320	5,109
Depreciation of right-of-use assets	3,577	4,324	6,154
(Gain) loss on disposal of property and equipment	(31)	16	(26)
Impairment losses under expected credit loss model, net of reversal	670	1,161	(1,441)
Provision for litigation loss	1,100	186	–
Finance costs	274	230	285
Change in fair value of preferred shares	(1,521,173)	234,138	(209,282)
Interest income from bank balances and restricted cash	(5,350)	(13,299)	(16,313)
Gain on fair value changes of financial assets at fair value through profit or loss	(5,052)	(5,002)	(7,094)
Share-based payment expenses	22,725	29,804	110,351
Foreign exchange loss (gain)	1,867	(393)	(29)
Operating cash flows before movement of working capital	299,115	73,001	207,965
(Increase) decrease in restricted cash	(51,176)	11,369	(108,857)
(Increase) decrease in trade receivables	(4,792)	13,377	9,626
Decrease (increase) in prepayments, deposits and other receivables	1,609	18,524	(6,151)
Decrease (increase) in other non-current assets	1,043	(1,591)	1,174
(Decrease) increase in trade payables	(322)	(2,074)	14,567
(Decrease) increase in other payables and accrued expenses	(114,900)	(18,474)	95,679
Decrease in contract liabilities	(515)	(40)	(96)
Cash generated from operations	130,062	94,092	213,907
Interest received	5,350	13,299	16,313
NET CASH FROM OPERATING ACTIVITIES	135,412	107,391	230,220

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
INVESTING ACTIVITIES			
Purchase of property and equipment	(5,900)	(1,194)	(2,168)
Proceeds from disposal of property and equipment	53	18	44
Proceeds from disposal of financial assets at fair value through profit or loss	545,571	874,570	–
Purchase of financial assets at fair value through profit or loss	(640,000)	(800,000)	(195,000)
Payments for rental deposits	(70)	(48)	(568)
Proceeds from rental deposits	–	410	–
Payments for right-of-use assets	–	(1,094)	(15)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(100,346)	72,662	(197,707)
FINANCING ACTIVITIES			
Interest paid	(274)	(230)	(285)
Repayments of lease liabilities	(4,211)	(3,134)	(6,456)
Payments of issue costs	(1,104)	(151)	(3,509)
Repurchase of ordinary shares	(61,620)	–	–
NET CASH USED IN FINANCING ACTIVITIES	(67,209)	(3,515)	(10,250)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(32,143)	176,538	22,263
Effects of foreign exchange rate changes	(1,867)	393	29
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	520,309	486,299	663,230
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
represented by bank balances and cash	486,299	663,230	685,522

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. GENERAL INFORMATION**

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 11 July 2014 under the Companies Act of the Cayman Islands. The addresses of the registered office and the principal place of business are disclosed in the section headed “Corporate Information” in the Prospectus. 5brothers Limited is the ultimate controlling shareholder of the Company as of the date of this report.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in the provision of carpooling marketplace services and taxi related services in the People’s Republic of China (the “PRC”).

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company and its subsidiaries in the PRC.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in a jurisdiction where there is no statutory audit requirement.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information have been prepared based on the accounting policies which conform with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”). In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance (the “Companies Ordinance”).

As at 31 December 2023, the Group had net current liabilities of RMB3,405,950,000 and net liabilities of RMB3,309,492,000. The net current liabilities and net liabilities primarily arise from the convertible redeemable preferred shares (the “Preferred Shares”) amounting RMB4,256,162,000 as at 31 December 2023, which were classified as current liability. As disclosed in Note 25, the Preferred Shares shall automatically be converted into ordinary shares upon the initial public offering, and in February 2024, the Company and the holders of the Preferred Shares have entered into a supplemental agreement, pursuant to which the holders of the Preferred Shares could request for redemption before 1 January 2025 only under certain circumstances. The directors of the Company have determined that these certain circumstances are not probably to be triggered and there will be no cash outflow from redemption of these Preferred Shares within 12 months since 31 December 2023. In addition, the Group has performed a working capital forecast for the next twelve months. Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, and the supplementary agreement on the Preferred Shares and the automatic conversion of the Preferred Shares upon the initial public offering as above, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital in the next twelve months from 31 December 2023. Based on the judgments of the directors of the Company, the assessment and the period covered have taken into account all relevant information, including any anticipated events or conditions, in assessing the use of the going concern basis in preparing the Historical Financial Information. Accordingly, the directors of the Company consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

Contractual Arrangements

Due to the restrictions imposed by the relevant laws and regulatory regime of the PRC on foreign ownership of companies engaged in the travel platform provision services, the Group conducts a substantial portion of the business through Beijing Changxing Information Technology Co., Ltd. (北京暢行信息技術有限公司 or “Changxing”) in the PRC. On 4 December 2014, the wholly-owned subsidiary of the Company, Pintu (Beijing) Information Technology Co., Ltd. (拼途(北京)信息技術有限公司 or “Pintu”), has entered into a series of contractual arrangements (the “Contractual Arrangement” as amended in September 2020), with Changxing and its respective equity holders, including exclusive business cooperation agreement, exclusive option agreement, exclusive asset acquisition agreement, equity pledge agreement, power of attorney and loan agreement. The Contractual Arrangements enable Pintu and the Company to:

- expose, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over Changxing;
- exercise effective financial and operational control over of Changxing;
- irrevocably exercise equity holders’ controlling voting rights of Changxing;
- receive substantially all of the economic interest returns generated by Changxing in consideration for the business support, technical and consulting services provided by Pintu. Pintu has obligation to grant interest-free loans to the respective equity holders of Changxing with the sole purpose of providing funds necessary for the capital contribution to Changxing;

- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Changxing from the respective equity holders at a minimum purchase price permitted under PRC Laws. Pintu may exercise such options at any time until it has acquired all equity interests and/or all assets of the Changxing. In addition, Changxing are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Pintu; and
- obtain a pledge over the entire equity interests of Changxing from their equity holders as collateral security for all of Changxing's payments due to Pintu and to secure performance of Changxing's obligations under the Contractual Arrangements.

The Group does not have any equity interest in Changxing. However, as a result of the Contractual Arrangements, the Group has power over Changxing, has rights to variable returns from its involvement with Changxing and has the ability to affect those returns through its power over Changxing and is therefore considered to have control over Changxing. Consequently, the Company regards Changxing as an indirect subsidiary for accounting purpose. The Company consolidated the financial position and the results of operation of Changxing during the Track Record Period.

Total assets of Changxing were RMB1,036,717,000, RMB1,123,158,000 and RMB830,330,000 as of 31 December 2021, 2022 and 2023 respectively, and these balances have been reflected in the Group's consolidated financial statements with intercompany balances and transactions between Changxing and other entities within the Group eliminated.

Total revenue of Changxing was RMB780,507,000, RMB569,078,000 and RMB815,085,000 for the years ended 31 December 2021, 2022 and 2023, respectively, and these amounts have been reflected in the Group's consolidated financial statements with intercompany balances and transactions between Changxing and other entities within the Group eliminated.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the International Accounting Standards ("IASs"), IFRSs, amendments to IFRSs and the related interpretations issued by the IASB that are effective for the accounting period beginning on 1 January 2023 throughout the Track Record Period.

New and amendments to IFRSs in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1	Non-current Liabilities with Covenants ¹
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ¹
Amendments to IAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the Group's financial positions and performance set out in the Historical Financial Information in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information have been prepared in accordance with accounting policies which conform with IFRSs issued by the IASB. In addition, the Historical Financial Information include applicable disclosures required by the Listing Rules and the Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in a subsidiary

Investment in a subsidiary is included in the Company's statements of financial position at cost less accumulated losses, if any.

Revenue from contracts with customers***Revenue from providing carpooling marketplace services***

The Group generates its revenue from its carpooling marketplace that connects drivers and riders. Revenue represents service fees from private car owners (the "Private Car Owners") for use of the Group's online platform and related activities to find the riders (the "Carpooling Riders") to facilitate and successfully complete rides via the Dida Mobility App (collectively referred as the "carpooling marketplace services"). Private Car Owners accept the terms and conditions with the Group to receive the carpooling marketplace services through the use of the Dida Mobility App. The terms and conditions defines the fees the Group charges the Private Car Owners for each transaction, each party's rights and obligations regarding the carpooling marketplace services and payment terms. As the Company's customary business practice, a contract exists between the Private Car Owners and the Group when both Private Car Owners and the Carpooling Riders confirm the trip and the Group collects prepayment for the trip fare from the Carpooling Riders on behalf of the Private Car Owners. The duration of a contract is typically equal to the duration of a single ride. The Group does not earn any fees from the Carpooling Riders to access the App nor has any obligation to the Carpooling Riders to provide the ride.

The Group provides a service to the Private Car Owners to complete a successful transportation service for riders. The Group's performance obligation is to arrange for the provision of the carpooling rides rather than providing the carpooling rides itself, therefore the Group considers itself as an agent and recognizes revenue on a net basis which represent the fee charged by the Group to the Private Car Owners. The service assists the Private Car Owners to find, receive and fulfill on-demand requests from Carpooling Riders seeking transportation services and complete related collection activities, using the Dida Mobility App. These activities are not distinct from each other and are not separate performance obligations. As a result, the Group's single performance obligation in the transaction is to connect Private Car Owners with Carpooling Riders to facilitate the completion of a successful transportation service for riders.

The Group earns fees from the Private Car Owners as a fixed amount predetermined based on the expected trip distance plus a minimum fee per transaction. As there is only one performance obligation in the transaction, there is no allocation of the transaction price. The Group recognises revenue at a point in time upon completion of a trip, at which time the performance obligation is satisfied.

Revenue from providing taxi related services

The Group also provides taxi online-hailing services to taxi drivers (the "Taxi Drivers") to find passengers who are looking for a taxi ride (the "Taxi Riders") and the Group considers the Taxi Drivers as customers of the taxi online-hailing services. Taxi Drivers accept the terms and conditions with the Group to receive the taxi online-hailing services through the use of the Dida Mobility App. The terms and conditions defines the fees the Group charges the Taxi Drivers for each transaction, each party's rights and obligations regarding the taxi online-hailing services and payment terms. As the Group's customary business practice, a contract exists between the Taxi Drivers and the Group when the Taxi Drivers confirms taxi online-hailing request from Taxi Riders. The duration of a contract with a customer is typically equal to the duration of a single ride.

The Group provides service to the Taxi Drivers to assist them to complete transportation service to the Taxi Riders. The Group's performance obligation is to arrange for the provision of the taxi services rather than providing the taxi service itself, therefore the Group considers itself as an agent and recognizes revenue on a net basis which represent the fee charged by the Group to the Taxi Drivers. The service includes on-demand lead generation that assists the Taxi Drivers to find, receive and fulfill on-demand requests from riders seeking transportation services and related collection activities, using the Dida Mobility App. These activities are not distinct from each other and are not separate performance obligations. As a result, the Group's single performance obligation in the transaction is to connect drivers with riders to facilitate the completion of a successful transportation service for riders.

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

Advertising and related services

The Group also offers display-based marketing services in the form of banners, and textual or graphical marketer's link and performance-based marketing services. For display-based marketing services, the marketers pay the Group based on the period their advertisements are displayed on the Group's mobile applications and revenue is recognised on a pro-rata basis over the contractual service period. For performance-based marketing services, revenue is recognised when relevant specified performance measures are fulfilled. As the advertising services are provided through the advertising spaces generated by the Group's own mobile application, therefore the Group considers itself as a principal when providing advertising services and recognizes revenue on a gross basis.

Driver Subsidy and User Incentive Programs

The Group offers subsidies to attract Private Car Owners and Taxi Drivers and the Group offers incentives to attract riders for the carpooling marketplace services and the taxi online-hailing services to use the Dida Mobility App. Private Car Owners and Taxi Drivers generally receive cash subsidies while riders generally receive discounted rides incentives under such programs.

Subsidies to Private Car Owners and Taxi Drivers

The Group offers various subsidies programs to Private Car Owners and Taxi Drivers, such as volume/performance-based subsidies payments. Volume-based subsidies payments represent subsidies granted upon completion of certain number of trips by the drivers, and performance-based subsidies payments represent subsidies granted upon completion of trips which met certain criteria, such as completing trips during the traffic peak or referral of new drivers or riders.

Volume-based subsidies are similar to retrospective volume-based rebates and represent variable consideration that is typically settled within a week. Performance-based subsidies are granted upon completion of a trip which met certain criteria. Given Private Car Owners and Taxi Drivers are customers of the Group, the subsidies paid to them are consideration payable to customers under IFRS 15 *Revenue from Contracts with Customers*, and therefore such subsidies are recorded as a reduction to revenue since the Group does not receive a distinct good or service in exchange for the payment or cannot reasonably estimate the fair value of the good or service received.

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

When the amount of these subsidies granted to Private Car Owners or Taxi Drivers exceeds the revenue earned by the Group on an order by order basis, the excess incentive over revenue are recorded in cost of services.

When no service fee is charged by the Group, incentives granted to Taxi Drivers are recorded in selling and marketing expenses.

Rider Incentives

The Group has several rider incentive programs in the form of cash coupon or discount voucher, which are offered to encourage riders to use the Dida Mobility App. An example is a promotion where the Group offers a number of discounted rides (capped at a given number of rides) which are valid only during a limited period of time to a targeted group of riders. During the promotion period, riders not utilising an incentive would be charged the full fare. Riders are not customers of the Group under IFRS 15 which defines customer as a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Therefore such incentive granted to riders are not consideration payable to customers and are not within the scope of IFRS 15. These incentives are included in selling and marketing expense. These incentives reduce the amount collected from riders (on behalf of the Private Car Owners or Taxi Drivers), but not reduce the amount payable to the Private Car Owners or Taxi Drivers, as a result the Group bears the cost of such incentives. The Group recognises the cost of incentives granted to riders as selling and marketing expense when the rider redeems cash coupon or discount voucher.

Research and development expenses

Expenditure on research activities is recognised as an expense in the period in which it is incurred. When no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Employee benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expenses unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages, salaries and annual leave) after deducting and amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

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

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

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

When shares granted are vested, the amount previously recognised in share-based payment reserves will be transferred to share premium.

Modification to the terms and conditions of the share-based payment arrangements

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

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

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

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

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The Group considers the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised: (a) whether the Group has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire; (b) whether it is probable that the Group will have taxable profits before the unused tax losses or unused tax credits expire; (c) whether the unused tax losses result from identifiable causes which are unlikely to recur; and (d) whether tax planning opportunities are available to the Group that will create taxable profit in the period in which the unused tax losses or unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statements of financial position.

Financial instruments

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

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

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

Financial assets

Classification and measurement of financial assets

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

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

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

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, other receivables, amounts due from a subsidiary, bank balances and restricted cash), which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, other receivables and amounts due from related parties, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Preferred Shares

Preferred Shares issued by the Company are redeemable at the option of the holders; the Preferred Shares can be converted into variable number of the Group's ordinary shares; the Preferred Shares also has preference on liquidation, voting rights and rights to participate in dividends (as detailed in Note 25).

At the date of issuance, the fair value of the Preferred Shares (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

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

The Preferred Shares are classified as non-current liabilities if the Preferred Shares holder cannot demand the Company to redeem the Preferred Shares for at least 12 months after the balance sheet date, otherwise the Preferred Shares are classified as current liabilities.

Any directly attributable transaction costs were recognised in profit or loss.

Foreign exchange gains and losses

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting policies, which are described in Note 4, management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the Group's financial position and performance.

Fair value measurement of financial instruments

As at 31 December 2021, 2022 and 2023, fair value of the Preferred Shares issued by the Company amounting to RMB4,228,245,000, RMB4,465,607,000 and RMB4,256,162,000 are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgements and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Whilst the management of the Company considers these valuations are the best estimates, changes in assumptions relating to these factors could result in material adjustments to the fair value of the Preferred Shares. Details of the valuation of the Preferred Shares are disclosed in Note 25.

Deferred tax assets

As at 31 December 2021, 2022 and 2023, deferred tax assets of RMB106,649,000, RMB104,502,000 and RMB84,635,000, respectively, have been recognised in the Group's consolidated statements of financial position. The realisability of the deferred tax assets depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In assessing the probability that taxable profit will be available, the Group has considered criteria, such as whether there was a history of operating losses, and whether tax planning opportunities are available to the Group. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

6. REVENUE AND SEGMENT INFORMATION**Disaggregation of revenue from contracts with customers:**

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Types of services			
– Revenue recognised on net basis:			
Provision of carpooling marketplace services	695,131	514,899	774,012
Provision of taxi related services	32,629	19,421	11,328
– Revenue recognised on gross basis:			
Provision of advertising and related services	52,823	34,758	29,745
Total	<u>780,583</u>	<u>569,078</u>	<u>815,085</u>
	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition			
At a point in time	746,153	556,313	806,127
Over time	34,430	12,765	8,958
Total	<u>780,583</u>	<u>569,078</u>	<u>815,085</u>

The Group elects to apply the practical expedient as permitted under IFRS 15, and the transaction price allocated to these unsatisfied contracts is not disclosed as the duration of all contracts are one year or less.

Segment information:

Information reported to the directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under IFRS 8 *Operating Segments* are as follows:

1. Provision of carpooling marketplace services
2. Provision of taxi related services
3. Provision of advertising and related services

The following is an analysis of the Group's revenue and results from operations by reportable segments.

For the year ended 31 December 2021

	Carpooling marketplace services	Taxi related services	Advertising and related services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	695,131	32,629	52,823	780,583
Cost of services	(101,463)	(30,103)	(17,753)	(149,319)
Gross profit	593,668	2,526	35,070	631,264
Incentives to drivers and riders (<i>Note</i>)	(114,411)	(17,042)	–	(131,453)
Segment profit (loss)	479,257	(14,516)	35,070	499,811
Unallocated income and expenses:				
Other income				8,351
Other gains and losses				2,423
Impairment losses under expected credit loss model, net of reversal				(670)
Selling and marketing expenses				(124,414)
Administrative expenses				(26,842)
Research and development expenses				(60,071)
Change in fair value of preferred shares				1,521,173
Share-based payment expenses				(22,725)
Finance costs				(274)
Listing expense				(5,484)
Profit before taxation				1,791,278

Note: The amounts represent incentives to drivers and riders recorded in selling and marketing expenses, and excluding incentives to drivers recorded as reduction of revenue or recorded as cost of services.

For the year ended 31 December 2022

	Carpooling marketplace services	Taxi related services	Advertising and related services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	514,899	19,421	34,758	569,078
Cost of services	(105,305)	(26,528)	(9,682)	(141,515)
Gross profit (loss)	409,594	(7,107)	25,076	427,563
Incentives to drivers and riders (<i>Note</i>)	(64,010)	(19,162)	–	(83,172)
Segment profit (loss)	345,584	(26,269)	25,076	344,391
Unallocated income and expenses:				
Other income				15,570
Other gains and losses				4,379
Impairment losses under expected credit loss model, net of reversal				(1,161)
Selling and marketing expenses				(151,769)
Administrative expenses				(35,330)
Research and development expenses				(88,995)
Change in fair value of preferred shares				(234,138)
Share-based payment expenses				(29,804)
Finance costs				(230)
Listing expense				(8,397)
Loss before taxation				(185,484)

For the year ended 31 December 2023

	Carpooling marketplace services	Taxi related services	Advertising and related services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	774,012	11,328	29,745	815,085
Cost of services	(186,654)	(17,109)	(5,951)	(209,714)
Gross profit (loss)	587,358	(5,781)	23,794	605,371
Incentives to drivers and riders (<i>Note</i>)	(67,074)	(8,670)	–	(75,744)
Segment profit (loss)	520,284	(14,451)	23,794	529,627
Unallocated income and expenses:				
Other income				19,551
Other gains and losses				6,670
Reversal of impairment losses				1,441
Selling and marketing expenses				(157,903)
Administrative expenses				(31,980)
Research and development expenses				(121,699)
Change in fair value of preferred shares				209,282
Share-based payment expenses				(110,351)
Finance costs				(285)
Listing expense				(24,102)
Profit before taxation				320,251

Note: The amounts represent incentives to drivers and riders recorded in selling and marketing expenses, and excluding incentives to drivers recorded as reduction of revenue or recorded as cost of services.

The headquarter of the Company is in the PRC and during the Track Record Period, all of the Group's revenue was generated from PRC and all of its non-current assets were located in the PRC. Accordingly, no geographical segment information is presented.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit/loss represents the profit earned by/loss from each segment without allocation of other income, other gains and losses, impairment losses under expected credit loss model, net of reversal, selling and marketing expenses (except drivers and riders incentives), administrative expenses, research and development expenses, change in fair value of preferred shares, share-based payment expenses, finance costs and listing expense. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Information about major customers

No customer contributes over 10% of the total revenues of the Group during the Track Record Period.

7. OTHER INCOME

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Interest income from bank balances and restricted cash	5,350	13,299	16,313
Government grants	3,001	2,271	2,486
Others	–	–	752
	8,351	15,570	19,551

8. OTHER GAINS AND LOSSES

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Gain on fair value changes of financial assets at			
FVTPL	5,052	5,002	7,094
Penalty (charges) reversal	(16)	49	–
Litigation loss	(1,100)	(186)	(15)
Foreign exchange (loss) gain	(1,867)	393	29
Donation	(4)	(445)	(400)
Others	358	(434)	(38)
	<u>2,423</u>	<u>4,379</u>	<u>6,670</u>

9. FINANCE COSTS

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Interest on:			
Lease liabilities	274	230	285

10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Impairment losses recognised (reversed) on:			
– Trade receivables	1,043	1,241	(1,420)
– Other receivables	(373)	(80)	(21)
	<u>670</u>	<u>1,161</u>	<u>(1,441)</u>

Details of impairment assessment are set out in Note 32.

11. INCOME TAX EXPENSE

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Deferred tax expense (Note 27)	(60,272)	(2,147)	(19,867)

The Company was incorporated in the Cayman Islands and is tax exempted under the tax laws of the Cayman Islands.

Under the Law of the PRC on enterprise income tax (the “EIT Law”) and implementation regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% during the Track Record Period.

The Group’s subsidiaries operating in the PRC are eligible for certain tax concessions except for Beijing Dida Technology Co., Ltd. (北京抵達科技有限公司 or “Beijing Dida”) which is a newly established subsidiary in 2022. Under the EIT Law effective on 1 January 2008, the “high and new technology enterprise” (the “HNTE”) status of qualifying entities is valid for three years and qualifying entities can re-apply for an additional three years provided their business operations continue to qualify for the new HNTE status. Changxing was qualified as a HNTE in 2016 and separately renewed its HNTE in 2019 and 2022, and entitled to a preferential tax rate of 15% from 2016 to 2024. Pintu was qualified as a HNTE in 2021, and entitled to a preferential tax rate of 15% from 2021 to 2023.

Details of deferred taxation are set out in Note 27.

The income tax expense for the Track Record Period can be reconciled to the profit (loss) before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Profit (loss) before taxation	1,791,278	(185,484)	320,251
Tax at the PRC enterprise income tax rate of 25%	(447,820)	46,371	(80,063)
Tax effect of different tax rate	406,292	(54,928)	59,917
Tax effect of expenses not deductible for tax purposes	(3,969)	(4,557)	(16,690)
Additional deduction of research and development expenses	8,020	11,145	17,251
Decrease in opening deferred tax assets resulting from a decrease in applicable tax rate	(22,795)	–	–
Tax effect of tax losses not recognised	–	(178)	(282)
Income tax expense for the year	<u>(60,272)</u>	<u>(2,147)</u>	<u>(19,867)</u>

12. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging (crediting):

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Profit (loss) before taxation has been arrived at after charging (crediting):			
Staff costs (including directors' emoluments as set out in Note 13):			
Salaries and other benefits	84,741	118,134	140,700
Bonus	6,150	15,041	16,405
Retirement benefit scheme contributions	9,177	12,580	15,987
Share-based payment expenses	22,725	29,804	110,351
Total staff costs	<u>122,793</u>	<u>175,559</u>	<u>283,443</u>
Depreciation of property and equipment	9,230	7,320	5,109
Depreciation of right-of-use assets	3,577	4,324	6,154
Auditors' remuneration	153	2,029	145
(Gain) loss on disposal of property and equipment	(31)	16	(26)
Driver and rider incentives (<i>Note</i>)	154,886	135,109	165,958
Charges for third party payment processing providers	54,316	42,436	58,933
Insurance cost	19,165	17,359	27,755
Listing expense	<u>5,484</u>	<u>8,397</u>	<u>24,102</u>

Note: Amounts represent driver and rider incentives recorded as reduction of revenue, included in cost of services and selling and marketing expenses.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company during the Track Record Period for their services rendered to the entities comprising the Group are as follows:

	Salaries and other benefits	Share-based payment expenses	Bonus (Note iv)	Retirement benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2021					
<i>Executive directors</i>					
Mr. Song (Note i)	645	–	47	52	744
Mr. Li Jin Long (Note ii)	681	–	50	52	783
Mr. Zhu Min (Note ii)	721	–	50	52	823
Mr. Li Yue Jun (Note ii)	734	–	55	36	825
Mr. Duan Jian Bo (Note ii)	681	–	50	52	783
<i>Non-executive director</i>					
Mr. Li Bin (Note iii)	–	–	–	–	–
Total	3,462	–	252	244	3,958
Year ended 31 December 2022					
<i>Executive directors</i>					
Mr. Song (Note i)	603	–	141	58	802
Mr. Li Jin Long (Note ii)	639	–	150	58	847
Mr. Zhu Min (Note ii)	388	–	29	58	475
Mr. Li Yue Jun (Note ii)	686	–	165	42	893
Mr. Duan Jian Bo (Note ii)	639	–	150	58	847
<i>Non-executive director</i>					
Mr. Li Bin (Note iii)	–	–	–	–	–
Total	2,955	–	635	274	3,864
Year ended 31 December 2023					
<i>Executive directors</i>					
Mr. Song (Note i)	655	53,325	47	63	54,090
Mr. Li Jin Long (Note ii)	741	7,543	50	63	8,397
Mr. Zhu Min (Note ii)	402	–	25	55	482
Mr. Li Yue Jun (Note ii)	757	7,543	55	43	8,398
Mr. Duan Jian Bo (Note ii)	711	20,081	50	63	20,905
<i>Non-executive director</i>					
Mr. Li Bin (Note iii)	–	–	–	–	–
Total	3,266	88,492	227	287	92,272

Notes:

- i Mr. Song serves as the chief executive officer of the Company commenced from 11 July 2014.
- ii Mr. Li Jin Long, Mr. Zhu Min, Mr. Li Yue Jun and Mr. Duan Jian Bo were appointed as executive directors of the Company commenced from 16 September 2020.
- iii Mr. Li Bin serves as non-executive director of the Company commenced from 2 February 2015.
- iv The executive directors of the Company are entitled to bonus payments which are determined based on certain financial and non-financial measures including: revenue, operating profit, employee turnover rate, operating cash flow etc.

The emoluments of the executive directors of the Company shown above were mainly for their management services rendered to the Company and the Group and was determined by the shareholders of the Group having regard to the performance of individuals and market trends.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period.

14. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group for the year ended 31 December 2023 include four directors of the Company, whose remuneration are disclosed in Note 13 and do not include any director for the years ended 31 December 2021 and 2022.

The emoluments of remaining five, five and one highest paid individuals for the years ended 31 December 2021, 2022 and 2023, respectively, who are neither a director nor chief executive of the Company for the Track Record Period are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Salaries and other benefits	4,268	4,944	1,472
Bonus	362	1,123	115
Retirement benefit scheme contributions	245	274	61
Share-based payment expenses	21,482	18,579	4,173
Total	26,357	24,920	5,821

The number of the highest paid employees who are neither a director nor a chief executive of the Company whose remuneration fell within the following bands:

	Year ended 31 December		
	2021	2022	2023
	No. of employees	No. of employees	No. of employees
HK\$1,500,001 to HK\$2,000,000	1	–	–
HK\$2,000,001 to HK\$2,500,000	1	1	–
HK\$3,000,001 to HK\$3,500,000	–	2	–
HK\$4,000,001 to HK\$4,500,000	1	–	–
HK\$6,000,001 to HK\$6,500,000	1	–	1
HK\$9,000,001 to HK\$9,500,000	–	1	–
HK\$10,500,001 to HK\$11,000,000	–	1	–
HK\$17,500,001 to HK\$18,000,001	1	–	–
Total	5	5	1

During the Track Record Period, certain non-director and non-chief executive highest paid individuals were granted restricted shares, in respect of their services to the Group under the share incentive scheme of the Company. Details of the share incentive scheme are set out in Note 28.

During the Track Record Period, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

15. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Earnings:			
Earnings (loss) for the year attributable to owners of the Company for the purpose of calculating basic earnings (loss) per share	1,731,006	(187,631)	300,384
Effect of dilutive potential ordinary shares:			
Deduct fair value change of preferred shares	(1,521,173)	–	(209,282)
Earnings (loss) for the purpose of calculating diluted earnings (loss) per share	<u>209,833</u>	<u>(187,631)</u>	<u>91,102</u>
Number of shares:			
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	<u>329,357,634</u>	<u>318,346,848</u>	<u>323,123,047</u>
Effect of dilutive potential ordinary shares:			
Options	5,822,816	–	8,990,172
Restricted shares	2,601,848	–	831,521
Preferred shares	618,319,313	–	618,319,313
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	<u>956,101,611</u>	<u>318,346,848</u>	<u>951,264,053</u>

For the years ended 31 December 2021, 2022 and 2023, 38,378,844 shares, 36,337,178 shares and 11,648,137 shares of treasury stock, respectively, are excluded from the computation of basic earnings (loss) per share.

The computation of diluted loss per share for the year ended 31 December 2022 has not taken into consideration (1) the conversion of all the Preferred Shares, (2) the exercise of the Company's options, and (3) the vest of restricted shares, as the effect is anti-dilutive.

16. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period.

17. PROPERTY AND EQUIPMENT

	Leasehold Improvement	Furniture and fixtures	Total
	RMB'000	RMB'000	RMB'000
COST			
At 1 January 2021	3,351	35,766	39,117
Additions	213	5,687	5,900
Disposal	–	(243)	(243)
At 31 December 2021	3,564	41,210	44,774
Additions	–	1,235	1,235
Disposal	–	(688)	(688)
At 31 December 2022	3,564	41,757	45,321
Additions	624	2,174	2,798
Disposal	–	(288)	(288)
At 31 December 2023	4,188	43,643	47,831
DEPRECIATION			
At 1 January 2021	(1,645)	(17,650)	(19,295)
Provided for the year	(1,295)	(7,935)	(9,230)
Eliminated on disposal	–	221	221
At 31 December 2021	(2,940)	(25,364)	(28,304)
Provided for the year	(518)	(6,802)	(7,320)
Eliminated on disposal	–	654	654
At 31 December 2022	(3,458)	(31,512)	(34,970)
Provided for the year	(238)	(4,871)	(5,109)
Eliminated on disposal	–	270	270
At 31 December 2023	(3,696)	(36,113)	(39,809)
CARRYING VALUE			
At 31 December 2021	624	15,846	16,470
At 31 December 2022	106	10,245	10,351
At 31 December 2023	492	7,530	8,022

The above items of property and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement	Over the shorter of the lease term and 5 years
Furniture and fixtures	19.0% – 31.7%

18. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the Track Record Period are as follows:

	Leased properties
	RMB'000
Carrying amount:	
At 1 January 2021	4,072
Additions	749
Depreciation charges	(3,577)
At 31 December 2021	1,244
Additions	8,546
Depreciation charges	(4,324)
At 31 December 2022	5,466
Additions	5,872
Depreciation charges	(6,154)
At 31 December 2023	5,184

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Expense relating to short-term lease	448	410	343
Total cash outflow for leases	4,933	3,774	7,084

During the Track Record Period, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office. During the Track Record Period, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed above.

In addition, lease liabilities of RMB905,000, RMB5,134,000 and RMB4,464,000 are recognised with related right-of-use assets of RMB1,244,000, RMB5,466,000 and RMB5,184,000 as at 31 December 2021, 2022 and 2023, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL			
– Wealth management products	220,308	150,740	352,834

Wealth management products are purchased from Ping An Bank, as of 31 December 2021, 2022 and 2023, the annualized weighted average rate of return is 2.49%, 1.79% and 2.06%, respectively.

20. TRADE RECEIVABLES

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Trade receivables from advertising and related services	40,016	26,439	16,813
Less: allowance for credit losses	(5,302)	(6,343)	(4,923)
Trade receivables, net	34,714	20,096	11,890

The Group generally grants credit period between 30 to 120 days which are agreed with each of its customers. The extension of credit period to the customers may be granted on a discretionary basis by considering customer type, the current creditworthiness and the customer's financial condition and payment history with the Group.

As at 1 January 2021, trade receivables from contracts with customers amounted to RMB30,965,000. The following is an aged analysis of the Group's trade receivables based on the date of payment due of advertising and related services at the end of each reporting period:

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current and within 90 days past due	26,462	15,936	11,134
91 – 180 days past due	4,272	3,547	445
181 – 365 days past due	3,284	426	217
Over 365 days past due	696	187	94
	34,714	20,096	11,890

As at 31 December 2021, 2022 and 2023, out of the past due balances, RMB8,252,000, RMB4,160,000 and RMB756,000 have been past due 90 days or more and are not considered as in default by considering the background of the debtors and historical payment arrangement. The Group does not hold any collateral over these balances or charge any interest thereon.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Amounts due from payment platforms (Note i)	29,462	19,534	25,838
Amounts due from aggregation platform (Note ii)	8,536	2,279	516
Prepaid expenses	6,118	4,037	4,530
Issue cost	–	1,453	4,838
Deposits	1,756	210	1,457
Other	1,093	959	953
	46,965	28,472	38,132
Less: allowance for credit losses	(229)	(29)	(8)
	46,736	28,443	38,124

The Company

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Issue cost	–	1,453	4,838
	–	1,453	4,838

Notes:

- i. The Group collects rider's trip fare payment on behalf of the drivers for both carpooling marketplace services and taxi online-hailing services through various third party payment processing platforms. The amounts due from payment platforms can be drawn by the Group at any time, and is normally transferred to the Group's bank account in the next working day.
- ii. The Group has cooperation arrangements with third party navigation Apps. When carpooling marketplace service or taxi online-hailing services are accessed through these Apps, the trip fare payment is collected by these Apps on behalf of the Group.

22. BANK BALANCES AND CASH AND RESTRICTED CASH

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Bank balances and cash (Note i)	486,299	663,230	685,522
Restricted cash (Note ii)	289,144	277,775	386,632
	775,443	941,005	1,072,154

Notes:

- i. Bank balances and cash of the Group and the Company comprise bank balances and cash on hand. Bank balances carried interest at prevailing market rates based on daily bank deposit rate for the Track Record Period. As at 31 December 2021, 2022 and 2023, the interest rate of these bank deposits ranged from 0.00% to 1.725%, from 0.00% to 2.00% and from 0.00% to 1.725% per annum, respectively.
- ii. Restricted cash represents bank balances that are placed in restricted bank accounts in accordance with the applicable government regulations, such balances represent amounts not yet drawn by Private Car Owners, Taxi Drivers and Taxi Riders and Carpooling Riders which can only be applied for this purpose. As at 31 December 2021, 2022 and 2023, the interest rate of such balances are 1.725%, 1.725% and 1.725% per annum, respectively.

23. TRADE AND OTHER PAYABLES

The Group

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Payables to users (<i>Note i</i>)	480,455	442,045	538,256
Payroll payables	20,453	28,351	30,845
Trade payables (<i>Note ii</i>)	10,389	8,315	22,882
Other tax payables	7,166	5,748	6,739
Accrued expenses	6,442	11,210	6,964
Accrued listing expense	1,945	9,377	9,309
Accrued issue cost	–	1,302	1,178
Other payables	4,820	5,001	6,052
	<u>531,670</u>	<u>511,349</u>	<u>622,225</u>

Notes:

- i. The balance represents payable to Private Car Owners and Taxi Drivers which is the amount collected on behalf of Private Car Owners and Taxi Driver from Carpooling Riders and Taxi Riders after deducting the service fee charged by the Group. The amount also includes balance with Carpooling Riders, which can be used for future ride or withdrawn by riders anytime.
- ii. The aging analysis of the trade payables based on invoice dates at the end of each reporting period is as follows:

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
1-90 days	10,383	6,514	21,716
91-180 days	6	1,648	1,153
181-365 days	–	153	10
1-2 years	–	–	3
	<u>10,389</u>	<u>8,315</u>	<u>22,882</u>

The average credit period on purchases of services is 90 days.

The Company

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Accrued listing expense	1,945	9,377	9,309
Accrued issue cost	–	1,302	1,178
Payroll payables	–	120	–
Accrued expenses	–	–	1
	<u>1,945</u>	<u>10,799</u>	<u>10,488</u>

24. LEASE LIABILITIES

The exposure of the Group's lease liabilities payable are as follows:

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	563	4,548	2,565
More than one year but not exceeding two years	271	586	1,899
More than two years but not exceeding five years	71	–	–
	<u>905</u>	<u>5,134</u>	<u>4,464</u>
Less: amounts due for settlement with 12 months shown under current liabilities	<u>(563)</u>	<u>(4,548)</u>	<u>(2,565)</u>
Amounts due for settlement after 12 months shown under non-current liabilities	<u>342</u>	<u>586</u>	<u>1,899</u>

The weighted average incremental borrowing rates applied to lease liabilities range from 4.64% to 11.59%, 3.88% to 5.76% and 3.88% to 5.76% as at 31 December 2021, 2022 and 2023, respectively.

25. CONVERTIBLE REDEEMABLE PREFERRED SHARES

Since the date of incorporation, the Company has completed several rounds of financing through issuing Preferred Shares. Details of outstanding Preferred Shares as of 31 December 2021, 2022, and 2023 are set out below.

	Date of issue	Subscription price per share	Number of shares	Total consideration	
				US\$	RMB or equivalent to RMB
Series A Preferred Shares	4 December 2014	US\$0.0436	68,750,000	3,000,000	18,423,300
Series B Preferred Shares	2 February 2015	US\$0.2909	68,750,000	20,000,000	122,770,000
Series C Preferred Shares	30 April 2015	US\$0.8727	88,687,501	77,400,000	473,200,380
Series C Preferred Shares	21 May 2015	US\$0.8727	22,916,666	20,000,000	122,278,000
Series C Preferred Shares	26 June 2015	US\$0.8727	2,979,167	2,600,000	17,257,500
Series C Preferred Shares (Note i)	1 August 2017	–	8,059,486	–	–
Series C Preferred Shares (Note i)	31 May 2018	–	16,560,831	–	–
Series D Preferred Shares	1 August 2017	RMB2.9426	67,967,308	–	200,000,000
Series E Preferred Shares	31 May 2018	US\$0.4954	112,174,127	55,575,000	358,390,679
Series E Preferred Shares	20 June 2018	US\$0.4954	50,460,696	25,000,000	161,219,379
Series E Preferred Shares	31 May 2018	RMB3.1495	100,921,392	–	317,850,284
Series E Preferred Shares	20 June 2018	RMB3.1779	10,092,139	–	32,071,997
Total			<u>618,319,313</u>	<u>203,575,000</u>	<u>1,823,461,519</u>

Notes:

- i. Due to the decrease in share purchase price paid by the new investors, the Company agreed and issued additional preferred shares to series C shareholders with nil consideration.

The key terms of the Preferred Shares are summarised as follows:

(a) Conversion rights

Each holder of Preferred Shares shall have the right, at such holder's sole discretion, to convert all or any portion of its Preferred Shares into Ordinary Shares at any time. The conversion rate for the Preferred Shares shall be determined by dividing the applicable Preferred Shares issue price by the conversion price then in effect at the date of the conversion. The initial conversion price will be the Preferred Shares issue price (results in a 1-to-1 initial conversion ratio), as applicable, which will be subject to adjustments to reflect stock dividends, stock splits and/or other similar event in which all the holders of the Preferred Shares are entitled to participate on a pro rata basis, as provided that the conversion price shall not be less than the par value of the ordinary shares of the Company.

The Preferred Shares initial conversion price equals to the Preferred Shares subscription price, which shall be adjusted upon issuance of additional ordinary shares or instruments which can be converted into ordinary shares (on an as-converted basis) below the Preferred Shares initial conversion price or then effective conversion price in effect on the date of and immediately prior to such issuance.

Each series of the Preferred Shares shall be converted into ordinary shares of the Company, at the then applicable conversion price upon the earlier of (i) the closing of a qualified initial public offering, or (ii) the prior written approval of the majority holder of the corresponding of certain series of the Preferred Shares, except that for conversion of the series B Preferred Shares, prior written approval of 60% holder of the then outstanding series B Preferred Shares is required.

(b) Redemption feature

The Company shall redeem Series A, Series B, Series C, Series D and Series E Preferred Shares if:

(i) with respect to the holders of the series A Preferred Shares, series B Preferred Shares, series C Preferred Shares and series D Preferred Shares, the Company has not consummated a qualified initial public offering within five years after 1 August 2017; or with respect to the holders of the series E Preferred Shares, the Company has not consummated a qualified initial public offering within five years after the closing date of the series E Preferred Shares; (ii) there is any material breach by any of the Group or the founders or any of their representations, warranties, covenants or other obligations under the relevant transaction documents; (iii) there is any material breach by Changxing, Pintu and/or the founders of any of their representations, warranties, covenants or other obligations under the Contractual Agreements, which results in the Company being unable to effectively control or consolidate the Changxing; (iv) if there is any change of laws or policy which affects the validity of the Changxing agreements; (v) if there is any change of laws or policy which makes the Group unable to carry on its business as now conducted and as proposed to be conducted.

The price at which a series A Preferred Shares to be redeemed shall be equal to the greater of (i) or (ii) below:

(i) $\text{Redemption Price} = \text{issue price} * (108\%) N + D$, where

N = a fraction the numerator of which is the number of calendar days between the date on which the relevant series A Preferred Shares required to be redeemed are acquired and the date on which such series A Preferred Shares required to be redeemed is redeemed and such series A redemption price is paid and the denominator of which is 365;

D = all declared but unpaid dividends on each series A Preferred Shares required to be redeemed up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganisations, reclassifications, consolidations or mergers; or

(ii) the fair market value of the series A Preferred Shares as determined by an independent appraiser as acceptable to the Company and the majority series A holders.

The price at which a series B, series C, series D and series E Preferred Shares to be redeemed shall be equal to the greater of (i) or (ii) below:

- (i) Redemption Price = issue price + issue price * 10% * N + D, where

N = a fraction the numerator of which is the number of calendar days between the date on which the relevant series of Preferred Shares required to be redeemed are acquired and the date on which such series of Preferred Shares required to be redeemed is redeemed and such series of Preferred Shares redemption price is paid and the denominator of which is 365;

D = all declared but unpaid dividends on each series of Preferred Shares required to be redeemed up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganisations, reclassifications, consolidations or mergers; or

- (ii) the fair market value of the series of Preferred Shares as determined by an independent appraiser as acceptable to the Company and the majority of the series of Preferred Shares holders.

If on any redemption date, the Company's assets and funds which are legally available on the date that any amount of applicable Redemption Price is due are insufficient to pay in full such amount of aggregate applicable Redemption Price to be paid on such date, such assets and funds which are legally available shall be distributed in the following sequence: first to series E Preferred Shares, secondly to the series D Preferred Shares, thirdly to the series C Preferred Shares, fourthly to the series B Preferred Shares, and fifthly to the series A Preferred Shares.

In September 2020, the Company and the Preferred Share investors have entered into a supplemental agreement (the "First Supplemental Agreement") pursuant to which upon the submission of the listing application to the Stock Exchange, the redemption right of the Preferred Share will cease to be exercisable until the earlier of (1) eighteen months from date of the First Supplemental Agreement, (2) the board of directors of the Company withdraws the listing application, and (3) the Stock Exchange rejects the Company's listing application.

In February 2023, the Company and the Preferred Share investors have entered into a supplemental agreement (the "Second Supplemental Agreement") pursuant to which the redemption right of the Preferred Shares will cease to be exercisable upon submission of the listing application to the Stock Exchange until earlier of (1) 1 July 2024, (2) the board of directors of the Company withdraws the listing application, and (3) Hong Kong Stock Exchange rejects the Company's listing application.

In February 2024, the Company and the Preferred Share investors have entered into a supplemental agreement (the "Third Supplemental Agreement") pursuant to which the redemption right of the Preferred Shares will cease to be exercisable upon submission of the listing application to the Stock Exchange until earlier of (1) 1 January 2025, (2) the board of directors of the Company withdraws the listing application, and (3) Hong Kong Stock Exchange rejects the Company's listing application.

(c) Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the preferred shareholder shall receive the amount equal to:

For series E and series D Preferred Shares: an amount per share equal to the issue price to be payable in US\$, plus a simple interest rate of 12% per annum calculating from the issue date, until the payment date, together with all accrued or declared but unpaid dividends thereon;

For series C and series B Preferred Shares: an amount per share equal to 120% of the issue price to be payable in US\$, and all accrued or declared but unpaid dividends thereon;

For series A Preferred Shares: an amount per share equal to 150% of the Series A Issue Price, plus all accrued or declared but unpaid dividends thereon.

The distributing shall be made in the following sequence: first to series E Preferred Shares, secondly to the series D Preferred Shares, thirdly to the series C Preferred Shares, fourthly to the series B Preferred Shares, and fifthly to the series A Preferred Shares.

After all the Preferred Share liquidation preference amount on the Preferred Shares have been paid in full as set forth above, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed on a pro rata, pari passu basis among the holders of the Preferred Shares (on an as-converted basis) and the holders of the Ordinary Shares.

(d) Dividends rights

If a dividend or other distribution is declared, paid or set aside, each holders of the Series E, Series D, Series C, Series B, and Series A Preferred Shares shall be entitled to receive non-cumulative dividends at the rate of 8% of Series E, Series D, Series C, Series B, and Series A issue price per annum, respectively. Dividends shall be distributed in the follow sequence, first to Series E Preferred Shares, secondly to the Series D Preferred Shares, thirdly to the Series C Preferred Shares, fourthly to the Series B Preferred Shares, and fifthly to the Series A Preferred Shares. After payment of the dividends as set forth above, any additional dividends or distributions shall be distributed among all holders of ordinary shares and Preferred Shares in proportion to the number of ordinary shares that would be held by each such holder if all Preferred Shares had been converted to ordinary shares as of the record date fixed for determining those entitled to receive such distribution.

No dividend or distribution, whether in cash, in property, or in any other equity securities of the Company, shall be declared, paid, set aside or made with respect to the ordinary shares at any time unless all accrued but unpaid dividends on the Preferred Shares have been paid in full.

(e) Voting rights

Each Preferred Share shall carry a number of votes equal to the number of ordinary shares of the Company then issuable upon its conversion into ordinary shares of the Company at the record date for determination of the shareholders entitled to vote on such matters. To the extent that requires the Preferred Shares to vote separately as a class with respect to any matters, the Preferred Shares shall vote separately as a class with respect to such matters. Otherwise, the holders of Preferred Shares and ordinary shares shall vote together as a single class.

The Preferred Share is designated as measured at FVTPL. The Group has used the discounted cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting periods. The fair value was determined by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, Asia-Pacific Consulting and Appraisal Limited address at Room 2201, Digital 01 Building, No. 12, Guanghua Road, Chaoyang District, Beijing. Changes in fair value of Preferred Shares not attributable to changes in the Company's credit risk were recorded in "change in fair value of financial instruments" in profit or loss, and changes in fair value of Preferred Shares attributable to changes in the Company's credit risk were recorded in OCI.

The movement of the Preferred Shares is set out as below:

	RMB'000
At 1 January 2021	5,748,781
Change in fair value not attributable to changes of credit risk	(1,521,173)
Change in fair value attributable to changes of credit risk	637
At 31 December 2021	4,228,245
Change in fair value not attributable to changes of credit risk	234,138
Change in fair value attributable to changes of credit risk	3,224
At 31 December 2022	4,465,607
Change in fair value not attributable to changes of credit risk	(209,282)
Change in fair value attributable to changes of credit risk	(163)
At 31 December 2023	4,256,162

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

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

Note: the risk-free interest rate used in determining equity value allocation between different class of shares.

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

Preferred Shares with redemption date less than one year from the balance sheet date are recorded as current liabilities:

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current liability	2,342,487	4,465,607	4,256,162
Non-current liability	1,885,758	–	–
	<u>4,228,245</u>	<u>4,465,607</u>	<u>4,256,162</u>

26. SHARE CAPITAL

The Group

The balance of the share capital of the Group at 31 December 2021, 2022 and 2023 represented the share capital of the Company.

The Company

Details of the movement of share capital are as follows:

	Number of shares	Nominal value per share	Total
		US\$	US\$
Authorised			
At 1 January 2021 and 31 December 2021, 2022 and 2023	<u>2,000,000,000</u>	<u>0.0001</u>	<u>200,000</u>
	Number of ordinary shares	Amount	Shown in the historical financial information
		US\$	RMB'000
Ordinary shares of US\$0.0001 each			
Issued			
At 1 January 2021 and 31 December 2021 and 2022	<u>355,744,414</u>	<u>35,574</u>	<u>224</u>
Cancellation of repurchased shares (<i>Note i</i>)	<u>(19,174,874)</u>	<u>(1,917)</u>	<u>(12)</u>
At 31 December 2023	<u>336,569,540</u>	<u>33,657</u>	<u>212</u>

Note i: On 31 March 2023, the Company cancelled 19,174,874 shares originally repurchased from 5brothers Limited which were held as treasury stock.

27. DEFERRED TAX ASSETS

The following is the analysis of the deferred tax balances for financial reporting purpose:

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Deferred tax assets	<u>106,649</u>	<u>104,502</u>	<u>84,635</u>
	<u>106,649</u>	<u>104,502</u>	<u>84,635</u>

The following is the major deferred tax assets recognised by the Group and movements thereon for the Track Record Period:

	Accrued expenses	Allowance for credit loss	Deductible advertising expenses	Loss carried forward	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	1,317	778	31,896	132,930	166,921
(Charge) credit to profit or loss . . .	(320)	100	(2,706)	(34,551)	(37,477)
Effect of change in tax rate	(31)	(48)	(12,759)	(9,957)	(22,795)
At 31 December 2021	966	830	16,431	88,422	106,649
Credit (charge) to profit or loss . . .	715	126	(2,356)	(632)	(2,147)
At 31 December 2022	1,681	956	14,075	87,790	104,502
Charge to profit or loss	(715)	(216)	(936)	(18,000)	(19,867)
At 31 December 2023	966	740	13,139	69,790	84,635

As at 31 December 2021, 2022 and 2023 the Group has unused tax losses of RMB589,478,000, RMB585,978,000 and RMB467,108,000, respectively, available for offset against future taxable profits. All unused tax losses were recognised as deferred tax assets as at 31 December 2021, 2022 and 2023, except for tax losses of RMB713,000 and RMB1,840,000 were not recognised as deferred tax assets as at 31 December 2022 and 2023, respectively, due to the unpredictability of future profit streams. Expiry dates of unused tax loss not recognised as deferred tax assets are disclosed in the following table.

	At 31 December 2022	At 31 December 2023
	RMB'000	RMB'000
2027	713	713
2028	–	1,127

During the Track Record Period, subsidiaries of the Company have not accumulated distributable earnings, and no deferred tax liability is recognised.

28. SHARE-BASED PAYMENT TRANSACTIONS

From time to time, the Company's founder, Mr. Song, and the Company provide equity-based restricted shares or options to eligible employees to award their contributions to the Group. In 2014, the Company adopted the pre-IPO restricted share scheme and as amended and restated in September 2020 (the "Pre-IPO Restricted Share Scheme") and the pre-IPO share option scheme and as amended and restated in September 2020 (the "Pre-IPO Share Option Scheme").

(i) Time-Based Share Options

From 1 September 2014 to 31 December 2020, 9,386,000 units of time-based share options were granted to eligible employees by Mr. Song/the Company with annually vesting in equal installment over four years. For the years ended 31 December 2021, 2022 and 2023, 8,100,550 units, 2,690,000 units and 7,751,472 units of Time-Based Share Options were granted to eligible employees by Mr. Song/the Company with annually vesting in equal installment over four years. The Time-Based Share Options expire in 10 years from the respective grant dates.

Call right of Time-Based Share Options

With regards to the call right of Time-Based Share Options, in the event that the employee terminates employment by voluntary with the Company prior to fully vested of all granted options, Mr. Song/the Company shall have the right as set out following:

- i. repurchase all of the unvested restricted shares or options with no consideration; and
- ii. repurchase all of the vested restricted shares or shares from options exercised at a unit price based on the most recently financing.

Exercise of Time-Based Share Options

In the event an employee's employment with the Company terminates by voluntary, the employee should immediately exercise the vested options with full payment. Otherwise, the vested options would be expired.

The following table discloses movements of the Company's Time-Based Share Options held by employees during the Track Record Period:

	Number of Share options	Weighted average exercise price
		US\$
Options outstanding as at 1 January 2021	6,198,500	0.12
Granted	8,100,550	0.15
Exercised	(500,250)	0.15
Forfeited	(1,111,950)	0.15
Options outstanding as at 31 December 2021	12,686,850	0.13
Within which:		
Options exercisable as at 31 December 2021	3,080,950	0.08
Options outstanding as at 1 January 2022	12,686,850	0.13
Granted	2,690,000	0.15
Exercised	(27,500)	0.15
Forfeited	(392,500)	0.15
Options outstanding as at 31 December 2022	14,956,850	0.14
Within which:		
Options exercisable as at 31 December 2022	5,423,191	0.11
Options outstanding as at 1 January 2023	14,956,850	0.14
Granted	7,751,472	0.15
Exercised	(28,000)	0.15
Forfeited	(733,000)	0.15
Options outstanding as at 31 December 2023	21,947,322	0.14
Within which:		
Options exercisable as at 31 December 2023	8,082,375	0.12

As at 31 December 2021, 2022 and 2023, the weighted average remaining contractual life of Time-Based Share Options outstanding is 8.21, 7.64 and 7.74 years, respectively.

Fair value of Time-Based Share Options

The weighted average fair value of granted options was US\$1.01, US\$0.81 and US\$0.76 per share, for the years ended 31 December 2021, 2022 and 2023. These fair values were calculated using the Binomial model with assistance of an independent appraisal party, Asia-Pacific Consulting and Appraisal Limited address at Room 2201, Digital 01 Building, No. 12, Guanghua Road, Chaoyang District, Beijing. The inputs into the model were as follows:

		31 March 2021	30 June 2021	30 September 2021	31 December 2021	31 March 2022
Fair value of ordinary shares (Note i)	US\$	1.345	1.148	1.159	0.988	0.979
Risk-free interest Rate (Note ii)		1.74%	1.45%	1.52%	1.52%	2.32%
Expected life (years) (Note iii)		10	10	10	10	10
Exercised price (Note iv)	US\$	0.15	0.15	0.15	0.15	0.15
Expected volatility (Note v)		41.0%	40.8%	39.7%	39.8%	40.5%
Expected dividend yield (Note vi)		0%	0%	0%	0%	0%
		30 June 2022	30 September 2022	31 December 2022	30 September 2023	31 December 2023
Fair value of ordinary shares (Note i)	US\$	0.927	0.875	0.962	0.888	0.889
Risk-free interest Rate (Note ii)		2.98%	3.83%	3.88%	4.59%	3.88%
Expected life (years) (Note iii)		10	10	10	10	10
Exercised price (Note iv)	US\$	0.15	0.15	0.15	0.15	0.15
Expected volatility (Note v)		40.7%	41.2%	41.3%	40.2%	40.1%
Expected dividend yield (Note vi)		0%	0%	0%	0%	0%

Notes:

- i. The fair value of the ordinary shares was estimated based on the fair value of ordinary share of the Company as at the grant date, which was estimated with the assistance of an independent third-party appraiser.
- ii. Risk-free interest rate is estimated based on market yield of U.S. Government Bonds with maturity date close to the life of options as at the valuation dates and country risk differential.
- iii. Expected life is the period of time over which the options granted are expected to remain outstanding.
- iv. The exercised price of the options was determined by Company's board of directors.
- v. The volatility of the underlying ordinary shares during the life of the options was estimated based on average historical volatility of comparable companies for the period before the valuation date with lengths equal to the life of the options.
- vi. The Company currently has no expectation of paying cash dividends on its ordinary stock.

The total share-based compensation expenses recognised in the consolidated statements of profit or loss from share options are RMB9,819,000, RMB22,154,000, RMB17,688,000 for the years ended 31 December 2021, 2022 and 2023, respectively.

(ii) Restricted Shares**2020 Grants**

On 29 June 2020, the Company granted 7,000,000 units of time-based restricted shares ("2020 Grants") to certain executive. 1/3 of the 2020 Grants would vest annually over the first 2 years and thereafter, the remaining 2/3 of awards would vest quarterly over next four years.

Call right of 2020 Grants

In terms of the 2020 Grants, in the event that the employee terminates employment by voluntary with the Company prior to fully vested of all granted 2020 Grants, the Company shall have the right as set out following:

- i. repurchase all of the unvested restricted shares with no consideration; and
- ii. repurchase all of the vested restricted shares at a unit price of US\$0.50.

If the Company has not elected to exercise any repurchase right with respect to all or any part of the vested restricted shares, the executive shall thereupon have the option to purchase all of the vested 2020 Grants at a unit price of US\$0.50 within three months after the date of terminate of employment. If the employee has not purchased the vested 2020 Grants Shares within three months after the date of terminate of employment, the vested 2020 Grants Shares would be surrendered to the Company with no consideration. This Call Right of 2020 Grants were deemed as a non-vesting condition and was taking account in determination of the grant date fair value.

The following table discloses movements of the 2020 Grants held by eligible executive during the Track Record Period:

	Number of shares	Weighted average grant date fair value per restricted shares
		US\$
Outstanding as of 1 January 2021	7,000,000	0.76
Vested	(1,166,667)	0.76
Outstanding as of 31 December 2021	5,833,333	0.76
Vested	(2,041,667)	0.76
Outstanding as of 31 December 2022	3,791,666	0.76
Vested	(1,166,667)	0.76
Outstanding as of 31 December 2023	2,624,999	0.76

The fair value of 2020 Grants at the grant dates is determined by reference to the fair value of the underlying ordinary shares on the date of grant with consideration of non-vesting condition with assistance of Asia-Pacific Consulting and Appraisal Limited.

2023 Grants

On 31 December 2023, the Company has entered into an agreement to grant 9,587,437 restricted shares to four directors (the "2023 Grants") which vested immediately on 31 December 2023 under which the restricted shares have not been issued. The fair value of the 2023 Grants is determined by reference to the fair value of the underlying ordinary shares of US\$0.89 per share with assistance of Asia-Pacific Consulting and Appraisal Limited. The share-based compensation expense of RMB60,340,000 were recognised in the consolidated statements of profit or loss for the year ended 31 December 2023. On 10 March 2024, the Company entered into agreements with participants of the 2023 Grants, granting them an equivalent number of share options as a settlement for the 2023 Grants. These share options vest immediately upon the grant date, with an exercise price of USD0.0001 per share.

The total share-based compensation expenses recognised in the consolidated statements of profit or loss from restricted shares and the 2023 Grants are RMB12,906,000, RMB7,650,000, RMB64,513,000 for the years ended 31 December 2021, 2022 and 2023, respectively.

(iii) 2023 Share awards

On 31 March 2023, as approved by the shareholders of the Company, 4,347,500 Shares originally contributed and donated by 5brothers Limited for the Company's Pre-IPO Share Incentive Schemes were transferred back to Mr. Song through 5brothers Limited. The share transfer is accounted as share-based compensation to Mr. Song, and vest immediately upon transfer. Share-based compensation expense of RMB28,150,000 is recognised in the consolidated statements of profit or loss for the year ended 31 December 2023.

The fair value of 2023 share awards at the grant dates is determined by reference to the fair value of the underlying ordinary shares on the date of grant with assistance of Asia-Pacific Consulting and Appraisal Limited. The fair value of the shares granted was US\$0.97 per share. The grant date fair value was determined with reference to discounted cash flows of the Group, which based on financial forecast approved by management covering a 5-year period and a discount rate of 18%. Cash flow beyond the 5-year period was extrapolated using a steady 3% growth rate.

29. RETIREMENT BENEFIT PLANS

The employees of the Group in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme. The total retirement benefit expenses recognized in the consolidated statements of profit or loss are RMB9,177,000, RMB12,580,000 and RMB15,987,000 for the years ended 31 December 2021, 2022 and 2023, respectively.

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to its shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged throughout the Track Record Period.

The capital structure of the Group consists of bank balances and cash, Preferred Shares, and equity attributable to owners of the Company, comprising the share capital and other reserves of the Group.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

31. CATEGORIES OF FINANCIAL INSTRUMENTS

	The Group		
	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Financial assets			
Bank balances and cash	486,299	663,230	685,522
Restricted cash	289,144	277,775	386,632
Financial assets at FVTPL			
– wealth management products	220,308	150,740	352,834
Financial assets at amortised cost	75,385	44,242	41,162
Financial liabilities			
Amortised cost	504,051	477,250	584,641
Convertible redeemable preferred shares	4,228,245	4,465,607	4,256,162
	The Company		
	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Financial assets			
Bank balances and cash	2,524	2,067	174
Amount due from a subsidiary	19,634	176,220	181,964
Financial liabilities			
Amortised cost	1,945	10,679	10,488
Convertible redeemable preferred shares	4,228,245	4,465,607	4,256,162

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, financial assets at FVTPL, bank balances and cash, restricted cash, trade and other payables, the Preferred Shares, and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk and the policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

Currency risk

Several subsidiaries of the Company have foreign currency financing activities which expose the Group to foreign currency risk.

The sensitivity analysis below has been determined based on the exposure to foreign currency rates and includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A 5% increase or decrease is used when reporting foreign currency rate risk internally to key management personnel and represents the directors' assessment of the reasonably possible change in foreign currency rates.

Foreign currency sensitivity analysis

If RMB had been appreciated/depreciated 5% against the foreign currency and all other variables were held constant, the Group's post-tax profit for the years ended 31 December 2021, 2022 and 2023 would have decreased/increased by RMB212,000, RMB196,000 and RMB45,000, respectively. This is mainly attributable to the Group's exposure to the foreign currency bank balance as at 31 December 2021, 2022 and 2023.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowing from a related party (see Note 36 for details) and lease liabilities (see Note 24 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and restricted cash (see Note 22 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The directors of the Company considers that the impact to profit or loss for respective years are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

Other price risk

The Group is exposed to other price risk through its investments in wealth management products measured at FVTPL and Preferred Shares. The management considers the other price risk of the Group on its investments in the wealth management products is limited as the maturity periods of these investments are short. Therefore, no sensitivity analysis is presented. Sensitivity analysis of Preferred Shares are disclosed in Note 33.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk is primarily attributable to its trade receivables, bank balances, restricted cash, other receivables and wealth management products. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix—debtors aging, based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers. The provision rates applied is estimated using the historical observed default rates of the debtors taking into consideration forward-looking information that is reasonably and supportably available without undue costs or effort. At the end of each of the reporting period, these historical loss rates are reassessed and updated if required after considering the forward-looking information then available to the directors of the Company. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 2021, 2022 and 2023 on trade receivables from the Group's largest customer for each year of 2021, 2022 and 2023 accounted for approximately 47.9%, 26.2% and 18.9%, respectively, and five largest customers for each year of 2021, 2022 and 2023 accounted for approximately 81.4%, 65.3% and 74.0%, respectively, of the Group's total trade receivables.

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables and amounts due from related parties based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2021, 2022 and 2023, ECL of RMB373,000, RMB80,000 and RMB21,000 were reversed, respectively.

The credit risks on bank balances, restricted cash and wealth management products are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Provision matrix—debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers with common risk characteristics are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of RMB27,705,000, RMB22,648,000 and RMB13,505,000 as at 31 December 2021, 2022 and 2023, respectively, were assessed individually.

Trade Receivables

	At 31 December 2021		
	Average loss rate	Gross carrying amount	Impairment loss allowance
	%	RMB'000	RMB'000
Current (not past due)	0.01	7,200	1
1-90 days past due	0.01	3,183	–
91-180 days past due	0.02	1,421	–
More than 180 days past due	0.10	507	1
		12,311	2

At 31 December 2022			
	Average loss rate	Gross carrying amount	Impairment loss allowance
	%	RMB'000	RMB'000
Current (not past due)	0.01	2,598	0.3
1-90 days past due	0.01	1,193	0.1
91-180 days past due	0.02	–	–
More than 180 days past due	0.10	–	–
		<u>3,791</u>	<u>0.4</u>
At 31 December 2023			
	Average loss rate	Gross carrying amount	Impairment loss allowance
	%	RMB'000	RMB'000
Current (not past due)	0.00	1,323	0.04
1-90 days past due	0.01	1,985	0.1
91-180 days past due	0.01	–	–
More than 180 days past due	0.08	–	–
		<u>3,308</u>	<u>0.14</u>

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the years ended 31 December 2021, 2022 and 2023, the Group provided RMB2,000, RMB379 and RMB141 impairment allowance for trade receivables, based on the above provision matrix. Impairment allowance of RMB274,000, RMB1,858,000 and RMB438,000 were made on debtors with significant balances for the years ended 31 December 2021, 2022 and 2023 respectively. Meanwhile, 100% ECL were provided for credit-impaired trade receivables and impairment allowance of RMB5,026,000, RMB4,485,000 and RMB4,485,000 were provided at 31 December 2021, 2022 and 2023, respectively. The assessment is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not-credit impaired)	Lifetime ECL (credit impaired)	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	320	3,939	4,259
Changes due to financial instruments recognised as at 1 January 2021:			
– Transfer to credit impaired	(7)	7	–
– Impairment losses recognised	–	1,080	1,080
– Impairment losses reversed	(97)	–	(97)
New financial assets originated	60	–	60
As at 31 December 2021	<u>276</u>	<u>5,026</u>	<u>5,302</u>
Changes due to financial instruments recognised as at 1 January 2022:			
– Impairment losses recognised	927	–	927
– Impairment losses reversed	(154)	(341)	(495)
– Written-offs	–	(200)	(200)
New financial assets originated	809	–	809
As at 31 December 2022	<u>1,858</u>	<u>4,485</u>	<u>6,343</u>
Changes due to financial instruments recognised as at 1 January 2023:			
– Impairment losses recognised	27	–	27
– Impairment losses reversed	(1,683)	–	(1,683)
New financial assets originated	236	–	236
As at 31 December 2023	<u>438</u>	<u>4,485</u>	<u>4,923</u>

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains levels of bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the remaining contractual maturity of the Group and the Company for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group or the Company can be required to pay. The table includes both interest and principal cash flows.

The Group

	Weighted Average interest rate	On demand or less than 3 months	3 months to 1 year	1 year to 2 years	2 years to 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2021
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2021							
Trade and							
other payables	–	504,051	–	–	–	504,051	504,051
Lease liabilities	6.65	396	204	282	71	953	905
Convertible redeemable preferred shares	*	–	2,342,487	1,885,758	–	4,228,245	4,228,245
		<u>504,447</u>	<u>2,342,691</u>	<u>1,886,040</u>	<u>71</u>	<u>4,733,249</u>	<u>4,733,201</u>
31 December 2022							
Trade and other							
payables	–	477,250	–	–	–	477,250	477,250
Lease liabilities	4.06	1,162	3,495	588	–	5,245	5,134
Convertible redeemable preferred shares	*	2,479,370	1,986,237	–	–	4,465,607	4,465,607
		<u>2,957,782</u>	<u>1,989,732</u>	<u>588</u>	<u>–</u>	<u>4,948,102</u>	<u>4,947,991</u>
31 December 2023							
Trade and other							
payables	–	584,641	–	–	–	584,641	584,641
Lease liabilities	4.42	1,109	1,568	1,967	–	4,644	4,464
Convertible redeemable preferred shares	*	–	4,256,162	–	–	4,256,162	4,256,162
		<u>585,750</u>	<u>4,257,730</u>	<u>1,967</u>	<u>–</u>	<u>4,845,447</u>	<u>4,845,267</u>

* The Redemption Price disclosed is calculated based on 8% annual compound return (Series A Preferred Shares) or 10% annual simple return (Series B, Series C, Series D and Series E Preferred Shares), however, on the redemption date, if the fair value of the Preferred Share is higher than the Redemption Price calculated, the Redemption Price shall be the fair value of the Preferred Share.

The Company

	Weighted Average interest rate	On demand or less than 3 months	3 months to 1 year	1 year to 2 years	Total undiscounted cash flows	Carrying amount at 31.12.2021
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2021						
Trade and						
other payables	–	1,945	–	–	1,945	1,945
Convertible redeemable						
preferred shares	*	–	2,342,487	1,885,758	4,228,245	4,228,245
		1,945	2,342,487	1,885,758	4,230,190	4,230,190
	Weighted Average interest rate	On demand or less than 3 months	3 months to 1 year	1 year to 2 years	Total undiscounted cash flows	Carrying amount at 31.12.2022
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022						
Trade and other						
payables	–	10,679	–	–	10,679	10,679
Convertible redeemable						
preferred shares	*	2,479,370	1,986,237	–	4,465,607	4,465,607
		2,490,049	1,986,237	–	4,476,286	4,476,286
	Weighted Average interest rate	On demand or less than 3 months	3 months to 1 year	1 year to 2 years	Total undiscounted cash flows	Carrying amount at 31.12.2023
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023						
Trade and other payables	–	10,488	–	–	10,488	10,488
Convertible redeemable						
preferred shares	*	–	4,256,162	–	4,256,162	4,256,162
		10,488	4,256,162	–	4,266,650	4,266,650

* The Redemption Price disclosed is calculated based on 8% annual compound return (Series A Preferred Shares) or 10% annual simple return (Series B, Series C, Series D and Series E Preferred Shares), however, on the redemption date, if the fair value of the Preferred Share is higher than the Redemption Price calculated, the Redemption Price shall be the fair value of the Preferred Share.

33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation committee, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Company every quarter to explain the cause of fluctuations in the fair value.

The Group

Financial instruments	Fair value as at 31 December			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2021	2022	2023			
	RMB'000	RMB'000	RMB'000			
Financial assets at FVTPL	220,308	150,740	352,834	Level 2	Discounted cash flow – future cash flows are estimated based on contractual terms of the wealth management products and discounted at a rate that reflects the credit risk of the counterparties.	N/A
Convertible redeemable preferred shares	4,228,245	4,465,607	4,256,162	Level 3	Discounted cash flow model is used in determining the underlying equity value of the Company and Black-Sholes option pricing model is used in performing an equity allocation to determine the fair value of the Preferred Shares (Note 25).	Equity value of the Company (Note i)

The Company

Financial instruments	Fair value as at 31 December			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2021	2022	2023			
	RMB'000	RMB'000	RMB'000			
Convertible redeemable preferred shares	4,228,245	4,465,607	4,256,162	Level 3	Discounted cash flow model is used in determining the underlying equity value of the Company and Black-Sholes option pricing model is used in performing an equity allocation to determine the fair value of the Preferred Shares (Note 25).	Equity value of the Company (Note i)

Note:

- i A 5% increase/decrease in the equity value of the Company, while all other variables keep constant, would increase the fair value of the Preferred Shares as at 31 December 2021, 2022 and 2023 by approximately RMB205,724,000, RMB218,250,000 and RMB202,354,000, respectively, or decrease the fair value of the Preferred Shares as at 31 December 2021, 2022 and 2023 by approximately RMB205,449,000, RMB217,672,000 and RMB201,623,000, respectively.

There were no transfers between Level 1 and 2 during the Track Record Period.

Details of reconciliation of Level 3 fair value measurement of the Preferred Shares are set out in Note 25.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows used in financing activity.

	Lease liabilities	Convertible redeemable preferred shares	Accrued issue cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	4,374	5,748,781	2,017	5,755,172
Financing cash flows (Note i)	(4,485)	–	(1,104)	(5,589)
Non-cash changes:				
Finance costs	274	–	–	274
Fair value adjustment	–	(1,520,536)	–	(1,520,536)
New leases	742	–	–	742
Others (Note ii)	–	–	(913)	(913)
At 31 December 2021	905	4,228,245	–	4,229,150

	Lease liabilities	Convertible redeemable preferred shares	Accrued issue cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financing cash flows	(3,364)	–	(151)	(3,515)
Non-cash charges:				
Finance costs	230	–	–	230
Fair value adjustment	–	237,362	–	237,362
New leases	7,363	–	–	7,363
Accrued issue costs	–	–	1,453	1,453
At 31 December 2022	<u>5,134</u>	<u>4,465,607</u>	<u>1,302</u>	<u>4,472,043</u>
Financing cash flows	(6,741)	–	(3,509)	(10,250)
Non-cash charges:				
Finance costs	285	–	–	285
Fair value adjustment	–	(209,445)	–	(209,445)
New leases	5,786	–	–	5,786
Accrued issue costs	–	–	3,385	3,385
At 31 December 2023	<u>4,464</u>	<u>4,256,162</u>	<u>1,178</u>	<u>4,261,804</u>

Notes:

- i. The difference with the consolidated statements of cash flows was the amount paid for repurchase of ordinary shares during the year ended 31 December 2021.
- ii. During the year ended 31 December 2021, the Company's listing application submitted with the Stock Exchange has expired, accordingly previously accrued issue costs were transferred to accrued expenses.

35. FINANCIAL INFORMATION OF THE COMPANY

Movement of the Company's reserves

Below is a table showing the movements of the reserves of the Company during the Track Record Period:

	Attributable to owners of the Company						
	Share premium	Treasury stock	Other reserves (Note i)	Share- based payment reserves	Fair value through other comprehensive (expense)	Accumulated losses	Total
					income reserve		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	210,053	(13)	(15,901)	13,316	(184,505)	(3,977,076)	(3,954,126)
Profit for the year	–	–	–	–	–	1,475,154	1,475,154
Other comprehensive expense for the year	–	–	–	–	(637)	–	(637)
Total comprehensive (expense) income for the year	–	–	–	–	(637)	1,475,154	1,474,517
Share-based payment expenses	–	–	–	22,725	–	–	22,725
Repurchase of ordinary shares and transfer to treasury stock (Note ii)	–	(144,165)	82,545	–	–	–	(61,620)
Vest of restricted shares and exercise of share options	6,844	1	–	(6,845)	–	–	–
At 31 December 2021	<u>216,897</u>	<u>(144,177)</u>	<u>66,644</u>	<u>29,196</u>	<u>(185,142)</u>	<u>(2,501,922)</u>	<u>(2,518,504)</u>

	Attributable to owners of the Company						
	Share premium	Treasury stock	Other reserves (Note i)	Share-based payment reserves	Fair value through other comprehensive income (expense) reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the year	–	–	–	–	–	(85,410)	(85,410)
Other comprehensive expense for the year	–	–	–	–	(3,224)	–	(3,224)
Total comprehensive expense for the year	–	–	–	–	(3,224)	(85,410)	(88,634)
Share-based payment expenses.	–	–	–	29,804	–	–	29,804
Vest of restricted shares and exercise of share options . . .	11,011	1	–	(11,012)	–	–	–
At 31 December 2022	227,908	(144,176)	66,644	47,988	(188,366)	(2,587,332)	(2,577,334)
Profit for the year	–	–	–	–	–	216,829	216,829
Other comprehensive income for the year	–	–	–	–	163	–	163
Total comprehensive income for the year	–	–	–	–	163	216,829	216,992
Share-based payment expenses.	–	–	–	110,351	–	–	110,351
Cancellation of shares (Note ii)	(61,608)	144,165	(82,545)	–	–	–	12
Transfer out of treasury stock (Note iii)	–	3	(3)	–	–	–	–
Vest of restricted shares and exercise of share options (Note iv)	34,448	1	60,340	(94,789)	–	–	–
At 31 December 2023	200,748	(7)	44,436	63,550	(188,203)	(2,370,503)	(2,249,979)

Note i: Other reserves as at 1 January 2021 mainly represent repurchase of ordinary shares and the issuance of ordinary shares with nil consideration before the Track Record Period.

Note ii: The amount represents repurchase of 19,174,874 ordinary shares from 5brothers Limited at the price of US\$0.50 per share (the aggregate consideration of US\$9,500,000 in total, approximately RMB61,620,000) by the Company and reserved for share incentive. This transaction is accounted for as an equity transaction, with difference between consideration paid and the fair value of ordinary shares at the transaction date (US\$0.66 per share) recorded in other reserves. On 31 March 2023, the Company cancelled 19,174,874 shares which were held as treasury stock.

Note iii: On 31 March 2023, as approved by the shareholders of the Company, 4,347,500 shares originally contributed and donated by 5brothers Limited for share incentive schemes were returned and transferred back to Mr. Song through 5brothers Limited. The transaction is accounted for as share-based compensation to Mr. Song.

Note iv: The amount recorded in other reserves represents shares to be issued in relation to the 2023 Grants as details disclosed in Note 28.

36. RELATED PARTY DISCLOSURES

The Company

Amount due from a subsidiary:

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Amazing Journey Limited (“Amazing Journey”) (Note)	19,634	176,220	181,964
	19,634	176,220	181,964

Note: The outstanding amount at each year end are the same as the maximum amount during each of the year. These amounts were non-trade nature, unsecured, interest free and repayable on demand. As the Company does not expect to recall the balance in one year from the balance sheet date, the amount is disclosed as non-current asset in the statements of financial position of the Company.

Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period was as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Salaries and other benefits	5,661	4,853	5,284
Bonus	435	925	385
Retirement benefit scheme contributions	344	316	357
Share-based payment expenses	17,108	14,682	96,995
	23,548	20,776	103,021

The remuneration of the directors of the Company and other key management personnel of the Group are determined having regard to the performance of the individuals.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The Group

As at the date of this report, the Company has direct and indirect equity interest in the following principal subsidiaries:

Name of subsidiaries	Place of incorporation	Date of incorporation	Issued and fully paid-up share capital	Equity attributable to the Company			Date of this report	Principal activities
				as at 31 December				
				2021	2022	2023		
				%	%	%	%	
Amazing Journey	Hong Kong	23 July 2014	HK\$1	100	100	100	100	Investment holdings
Changxing	The PRC	21 August 2014	RMB10,000,000	100	100	100	100	Provision of travel services and advertising services
Pintu	The PRC	2 November 2014	US\$596,000,000	100	100	100	100	Provision of software and information services
Beijing Dida	The PRC	31 March 2022	RMB5,000,000	–	100	100	100	Provision of travel services

Except for Amazing Journey, all of the above subsidiaries are indirectly held by the Company. All of the above subsidiaries are limited liability companies established in the Mainland China except for Amazing Journey which is a limited liability company incorporated in Hong Kong.

All companies now comprising the Group have adopted 31 December as their financial year end.

The statutory financial statements of Amazing Journey for each of the years ended 31 December 2021 and 2022, were prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities and the requirements of the Hong Kong Companies Ordinance and were audited by T.K. LAM (C.P.A.) CO. LTD. Certified Public Accountants registered in Hong Kong.

The statutory financial statements of Changxing for each of the years ended 31 December 2021 and 2022, were prepared in accordance with the Accounting Standards for Business Enterprises and Financial Regulations Applicable in the PRC and were audited by Beijing Peizhi Certified Public Accountants (北京培值會計師事務所(普通合夥)) certified public accountants registered in the PRC (for 2021) and Zhong Qi Hui (Beijing) Certified Public Accountants, Co., Ltd. (中企惠(北京)會計師事務所有限公司) certified public accountants registered in the PRC (for 2022).

The statutory financial statements of Pintu for each of the years ended 31 December 2021 and 2022, were prepared in accordance with the Accounting Standards for Business Enterprises and Financial Regulations Applicable in the PRC and were audited by Beijing Peizhi Certified Public Accountants (北京培值會計師事務所(普通合夥)) certified public accountants registered in the PRC (for 2021) and Zhong Qi Hui (Beijing) Certified Public Accountants, Co., Ltd. (中企惠(北京)會計師事務所有限公司) certified public accountants registered in the PRC (for 2022).

The statutory financial statements of Beijing Dida for each of the three years ended 31 December 2022, were prepared in accordance with the Accounting Standards for Business Enterprises and Financial Regulations Applicable in the PRC and were audited by Zhong Qi Hui (Beijing) Certified Public Accountants, Co., Ltd. (中企惠(北京)會計師事務所有限公司) certified public accountants registered in the PRC.

No audited statutory financial statements were available for the rest of the companies of the Group during the Track Record Period as there was no requirement to issue audited accounts by the local authorities.

None of the subsidiaries had any debt securities at the end of each year during the Track Record Period.

The Company

As at 31 December 2021, 2022 and 2023 the Company recorded interest in its subsidiary of RMB1,689,752,000, RMB1,719,556,000 and RMB1,829,907,000, respectively. Interest in a subsidiary represents advanced payments to subsidiary of the Company for the purpose of permanent investment and share-based payments incurred in relation to employees of the Company's subsidiary, which are considered deemed investment in a subsidiary.

38. SUBSEQUENT EVENTS

Subsequent to 31 December 2023, the Company and the Preferred Share investors have entered into the Third Supplemental Agreement (for details please refer to Note 25). Other than aforementioned and issue of share options disclosed in Note 28, there were no other significant events subsequent to the end of the Track Record Period that needs to be disclosed.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or the Company or any of its subsidiaries in respect of any period subsequent to the Track Record Period.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this Appendix does not form part of the accountants' report on the historical financial information of the Group for the three years ended 31 December 2023 (the "Accountants' Report"), prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the Company's Reporting Accountants, as set out in Appendix I to this prospectus and is included here for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED TANGIBLE ASSETS LESS LIABILITIES OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated tangible assets less liabilities of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29(1) of the Listing Rules is set out below to illustrate the effect of the proposed Global Offering on the audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at 31 December 2023 as if the Global Offering had taken place on that day.

The unaudited pro forma statement of adjusted consolidated tangible assets less liabilities of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated tangible assets less liabilities of the Group attributable to owners of the Company, had the Global Offering been completed as at 31 December 2023 or at any future dates.

The following unaudited pro forma statement of adjusted consolidated tangible assets less liabilities of the Group attributable to owners of the Company is prepared based on the audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at 31 December 2023 as derived from the Accountants' Report of the Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below:

	Audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as of 31 December 2023	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated tangible assets less liabilities of the Group attributable to owners of the Company as of 31 December 2023	Unaudited pro forma adjusted consolidated tangible assets less liabilities of the Group attributable to owners of the Company per Share as of 31 December 2023 (Note 5)	
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000 (Note 6)	RMB (Note 3)	HK\$ (Note 4)
Based on an Offer Price of					
HK\$7.00 per Share	(3,309,492)	196,897	(3,112,595)	(8.55)	(9.39)
Based on an Offer Price of					
HK\$5.00 per Share	(3,309,492)	136,383	(3,173,109)	(8.72)	(9.58)

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

1. The consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at 31 December 2023 is based on the audited consolidated net tangible liabilities of the Group attributable to owners of the Company amounted to RMB(3,309,492,000) extracted from the Accountants' Report of the Group set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Global Offering are based on 39,091,000 new Shares to be issued at the Offer Price of HK\$5.00 and HK\$7.00 per new Share, being the lower limit and higher limit of the indicative range of the Offer Price and after deduction of the estimated listing expenses (including underwriting fees and other related expenses) expected to be incurred by the Group subsequent to 31 December 2023. The calculation of such estimated net proceeds does not take into account any Shares which may be allotted and issued pursuant to the exercise of Over-allotment Option, or any Shares which may be issued or repurchased by our Company pursuant to our Company's mandate, as referred to Appendix IV headed "Statutory and General Information" to this prospectus. For the purpose of calculating the estimated net proceeds from the Global Offering, the translation of Hong Kong dollars into Renminbi was made at the exchange rate of HK\$1.00 to RMB0.9106, which was the exchange rate prevailing on 11 June 2024 with reference to the rate published by the People's Bank of China. No representation is made that Hong Kong dollars have been, would have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.
3. The unaudited pro forma adjusted consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at 31 December 2023 per Share is calculated based on 364,012,403 Shares, being the number of Shares expected to be in issue immediately following the completion of the Global Offering. The calculation of such Shares expected to be in issue excluded 11,648,137 Shares held by Firefiles Limited as treasury stock as of 31 December 2023, which are reserved for grant of options or restricted shares. The calculation of such Shares expected to be in issue does not take into account any Shares which may be allotted and issued pursuant to the exercise of Over-allotment Option, or any Shares which may be issued or repurchased by our Company pursuant to our Company's mandate, as referred to Appendix IV headed "Statutory and General Information" to this prospectus.
4. The unaudited pro forma adjusted consolidated tangible assets less liabilities of the Group attributable to owners of the Company per Share is converted from RMB into Hong Kong dollars at the rate of HK\$1.00 to RMB0.9106, which was the exchange rate prevailing on 11 June 2024 with reference to the rate published by the People's Bank of China. No representation is made that the RMB have been, would have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.
5. As at 31 December 2023, the carrying amount of convertible redeemable preferred shares of the Group was RMB4,256,162,000 and recognized as financial liabilities. The convertible redeemable preferred shares shall automatically be converted without payment of any additional consideration into ordinary shares upon the closing of a qualified initial public offering, which are detailed in Note 25 to the Accountants' Report of the Group in Appendix I to this prospectus. Had the conversion been assumed to take place as at 31 December 2023 by using the conversion ratio of 1:1, the unaudited pro forma adjusted consolidated tangible assets less liabilities of the Group attributable to owners of the Company would have increased from approximately RMB(3,173,109,000) of tangible assets less liabilities to approximately RMB1,083,053,000 of net tangible assets based on the Offer Price of HK\$5.00 per share, or from approximately RMB(3,112,595,000) of tangible assets less liabilities to approximately RMB1,143,567,000 of net tangible assets based on the Offer Price of HK\$7.00 per share, the number of Shares used in the calculation would have increased from 364,012,403 Shares to 982,331,716 Shares. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share, would have increased to RMB1.10 (HK\$1.21) and RMB1.16 (HK\$1.27) based on the Offer Price of HK\$5.00 per Share and HK\$7.00 per Share, respectively.
6. No adjustment has been made to the unaudited pro forma adjusted consolidated tangible assets less liabilities of the Group attributable to owners of the Company as of 31 December 2023 to reflect any trading results or any transactions of the Group entered into subsequent to 31 December 2023.

B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Dida Inc.**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Dida Inc. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated tangible assets less liabilities as at 31 December 2023 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 20 June 2024 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed placing and public offer of the Company (the "Global Offering") on the Group's financial position as at 31 December 2023 as if the Global Offering had taken place at 31 December 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 31 December 2023, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong,

20 June 2024

SUMMARY OF THE CONSTITUTION OF THE COMPANY**1 Memorandum of Association**

The Memorandum of Association of the Company was conditionally adopted on June 13, 2024 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in the section headed “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display”.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on June 13, 2024 and include provisions to the following effect:

2.1 Directors*(a) Power to allot and issue Shares*

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

(b) Power to dispose of the assets of the Company or any subsidiary

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(c) Compensation or payment for loss of office

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

(d) Loans to Directors

There are no provisions in the Articles of Association relating to making of loans to Directors.

(e) Financial assistance to purchase Shares

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall the Director be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

(h) Retirement, appointment and removal

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

- (i) the Director gives notice in writing to the Company that he resigns the office of Director;
- (ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;
- (iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (iv) the Director is found to be or becomes of unsound mind; or
- (v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

2.2 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.3 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorised representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.4 Alteration of capital

The Company may by ordinary resolution:

- (a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and
- (d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Companies Act.

2.5 Special resolution—majority required

A “special resolution” is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.6 Voting rights

Subject to any rights or restrictions attached to any shares, at any general meeting every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have (a) the right to speak; (b) one vote on a show of hands; and (c) one vote for every share of which he is the holder on a poll.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member’s behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which that person represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, including the right to speak and, where a show of hands is allowed, the right to vote individually on a show of hands.

2.7 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting for each financial year within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. An annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21-day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

2.8 Accounts and audit

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act or authorised by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law.

2.9 Auditors

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place, the day and the hour of the meeting, particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

- (a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and
- (b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

- (a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;
- (b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and
- (c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard form of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on at least 10 business days' notice (or on at least 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

Subject to the provisions of the Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorised by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorise payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realised or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorised representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner (including by electronic means) by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

2.16 Calls on shares and forfeiture of shares

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

2.17 Inspection of register of members

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. The Directors may, on giving 10 business days' notice (or 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorised representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorised representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

- (a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;
- (b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three-month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION**1 Introduction**

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 July 2014 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds,

and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present and voting either in person or by proxy at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- (a) is or is likely to become unable to pay its debts; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

18 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

19 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

20 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

21 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

22 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in the section headed "Documents on display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of Our Company**

Our Company was incorporated in the Cayman Islands under Cayman Companies Act as an exempted company with limited liability on July 11, 2014, with registered office located at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. As our Company was incorporated in the Cayman Islands, our corporate structure and Memorandum and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum and Articles of Association is set out in “Summary of the Constitution of the Company and the Cayman Islands Company Act” in Appendix III of this prospectus.

We have established a principal place of business in Hong Kong at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on December 1, 2020. Ms. SO Ka Man has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As at the date of this prospectus, our Company’s head office was located at 5/F Building 14, Chaolai Science Park, No. 36 Courtyard, Chuangyuan Road, Chaoyang District, Beijing, PRC.

2. Changes in the Share Capital of Our Company

As of the date of incorporation of our Company, our Company had an authorized share capital of US\$50,000.00, divided into 500,000,000 shares of US\$0.0001 each. On August 1, 2017, our share capital was increased to US\$150,000 consisting of 1,500,000,000 shares with par value of US\$0.0001 each, and was further increased to US\$200,000 consisting of 2,000,000,000 shares with par value of US\$0.0001 each on May 31, 2018.

The following changes in the share capital of our Company have taken place within the two years immediately preceding the date of this prospectus:

- (a) On March 31, 2023, our Company canceled an aggregate of 19,174,874 treasury shares obtained from the repurchase.

Immediately following the completion of the Global Offering and without taking into account any Shares that may be issued upon exercise of the Over-allotment Option and under the Share Incentive Schemes, the issued share capital of our Company will be 993,979,853 Shares with par value of US\$0.0001 each, all fully paid or credited as fully paid, and the authorized but unissued share capital of our Company will be 1,006,020,147 Shares with par value of US\$0.0001 each.

Immediately following the completion of the Global Offering (assuming full exercise of the over-allotment option and without taking into account all Shares that may be issued under the Share Incentive Schemes, the issued share capital of our Company will be 999,843,353 Shares with par value of US\$0.0001 each, all fully paid or credited as fully paid, and the authorized but unissued share capital of our Company will be 1,000,156,647 Shares with par value of US\$0.0001 each.

Save as disclosed above and the “History and Corporate Structure” section in this prospectus, there has been no alteration in the share capital of our Company during the two years preceding the date of this prospectus.

3. Written Resolutions of the Shareholders of Our Company Passed on March 31, 2023 and June 13, 2024

Pursuant to the written resolutions passed by the Shareholders on March 31, 2023 and June 13, 2024:

- (a) immediately after the Underwriting Agreements becoming unconditional and in any event before the Listing: (1) the 68,750,000 Series A-1 Preferred Shares, 68,750,000 Series B Preferred Shares, 139,203,651 Series-C Preferred Shares, 67,967,308 Series D-1 Preferred Shares and 273,648,354 Series E-1 Preferred Shares of a nominal or par value of US\$0.0001 each in our Company be converted into Ordinary Shares with a par value of US\$0.0001 in the capital of our Company on a one to one basis, such that after the conversion of the Preferred Shares, the issued and outstanding share capital of our Company shall be 954,888,853 Shares of US\$0.0001 each; and (2) the authorized share capital of our Company shall be US\$200,000 divided into 2,000,000,000 Ordinary Shares of US\$0.0001 each;
- (b) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and such grant and permission not having been subsequently revoked prior to the commencement of dealings in the Shares on the Stock Exchange, (2) the Offer Price being fixed on the Price Determination Date and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein (unless and to the extent such conditions are validly waived on or before such dates and times as specified in the Underwriting Agreements) or otherwise:
 - (i) the Global Offering was approved and our Directors were authorized to allot and issue the new Shares pursuant to the Global Offering;
 - (ii) the granting of the Over-allotment Option was approved;
 - (iii) the proposed Listing was approved and our Directors were authorized to implement the Listing;
 - (iv) a general unconditional mandate was granted to our Directors to allot, issue and deal with new Shares or securities convertible into new Shares or options, warrants or similar rights to subscribe for new Shares or such convertible securities and to make or grant offers, agreements or options (including but not limited to warrants, bonds, debentures, notes and other securities convertible into new Shares), and/or to sell or transfer the treasury shares of the Company which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed conditionally or unconditionally to be allotted together with the treasury shares of the Company resold or to be resold by our Directors other than pursuant to (a) a rights issue, (b) any scrip dividend scheme or similar arrangement providing for the allotment and issuance of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, (c) the Shares underlying the RSUs or options which may fall to be issued pursuant to the Share Incentive Schemes or, (d) the exercise of any subscription or conversion rights attaching to any warrants or securities which are convertible into Shares or in issue prior to the date of passing the relevant resolution or (e) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of (1) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering (but excluding the treasury shares of our Company, any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued under the Share Incentive Schemes) and (2) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph (v) below, such mandate to remain in effect during the period from the passing of the

resolution until the earliest of the conclusion of our next annual general meeting, the end of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting or the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the “Applicable Period”);

- (v) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose Shares with a total nominal value of not more than 10% of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (but excluding the treasury shares of our Company, any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued under the Share Incentive Schemes), such mandate to remain in effect during the Applicable Period;
- (vi) the general unconditional mandate mentioned in paragraph (iv) above be extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of our Company’s share capital in issue immediately following completion of the Global Offering (but excluding the treasury shares of our Company, any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued under the Share Incentive Schemes);
- (vii) the Memorandum and the Articles was approved and adopted, effective upon the Listing Date; and
- (viii) the Post-IPO RSU Scheme as described in detail in the section headed “—D. Share Incentive Schemes—2. Post-IPO RSU Scheme” in this Appendix, was approved and adopted, effective upon the Listing Date and a mandate under the Post-IPO RSU Scheme to issue and allot up to approximately 10% of the number of shares immediately after the completion of the Global Offering (excluding the treasury shares of our Company, assuming no exercise of the Over-allotment option and without taking into account any Shares that may be issued under the Share Incentive Schemes) was approved and granted to the Board.

4. Our Subsidiaries and the Consolidated Affiliated Entities

A summary of the corporate information and the particulars of our subsidiaries and the Consolidated Affiliated Entities are set out in Note 39 to the Accountants’ Report set out in Appendix I to this prospectus.

5. Changes in the Share Capital of Our Subsidiaries and the Consolidated Affiliated Entities

Our Directors confirm that save as disclosed in the section headed “—A. Further Information about Our Group—2. Changes in the Share Capital of Our Company” in this Appendix, there has been no alteration in the share capital or the registered capital of any our subsidiaries or the Consolidated Affiliated Entities during the two years immediately preceding the date of this prospectus.

6. Repurchases of Our Own Securities

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) *Shareholders' Approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to resolutions passed by our then Shareholders on June 13, 2024, a general unconditional mandate (the "Repurchase Mandate") was given to our Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering (excluding the treasury shares of our Company and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued under the Share Incentive Schemes), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Act or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) *Source of Funds*

Any repurchases of Shares by us must be paid out of funds legally available for the purpose in accordance with our Articles of Association, the Listing Rules and the Companies Act. We are not permitted to repurchase our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman law, any purchases by our Company may be made out of profits or out of proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Memorandum and Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Memorandum and Articles of Association and subject to the Cayman Companies Act.

(iii) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue (excluding the treasury shares of the company). A company may not (1) make a new issue of shares, or a sale or transfer of any treasury shares; or (2) announce a proposed new issue of shares, or a sale or transfer of any treasury shares for a period of 30 days immediately following a repurchase (other than an issue of securities or a sale or transfer of treasury shares pursuant to an exercise of warrants, share options or similar instruments requiring our Company to issue, sell or transfer securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. A company may not purchase any of its own securities on the Stock Exchange for a period of 30 days after any sale or transfer of any treasury shares of the company on the Stock Exchange, without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding

trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

Under the laws of the Cayman Islands, the Shares repurchased may (i) be treated by our Company as cancelled; or (ii) be held by our Company as treasury shares, and in each case the aggregate amount of authorized share capital would not be reduced.

Our Company may re-deposit its treasury Shares into CCASS established and operated by HKSCC only if it has an imminent plan to resell them on the Stock Exchange, and it should complete the resale as soon as possible. For any treasury Shares deposited with CCASS pending resale on the Stock Exchange, our Company will have appropriate measures to ensure that it would not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the relevant laws with respect to treasury Shares. These measures include, for example, an approval by the Board that (i) our Company should procure its broker not to give any instructions to HKSCC to vote at general meetings for the treasury Shares deposited with CCASS pending resale; and (ii) in the case of dividends or distributions, our Company should withdraw the treasury Shares from CCASS, and either re-register them in our Company's name as treasury Shares or cancel them, in each case before the record date for the dividends or distributions.

Holders of treasury Shares (if any) shall abstain from voting on matters that require Shareholders' approval at the Company's general meetings.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of 30 days immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core "connected person," that is, a director, chief executive or substantial shareholder of our Company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to our Company.

(b) Reasons for Repurchases

Our Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. When exercising the Repurchase Mandate, our Directors may, subject to market conditions and our Company's capital management needs at the relevant time of the repurchases, resolve to cancel the Shares repurchased following settlement of any such repurchase or hold them as treasury shares. On one hand, Shares repurchased for cancellation may, depending on the market conditions, funding arrangement at the time, lead to an enhancement of the net assets value per Share. On the other hand, Shares repurchased and held by our Company as treasury shares may be resold on the market at market prices to raise funds for our Company, or transferred or used for other purposes, subject to compliance with the Listing Rules, the Articles of Association, and the laws of the Cayman Islands. Our Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time having regard to the circumstances then pertaining. Repurchase of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of Repurchases

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles of Association of our Company and the Listing Rules and the applicable laws of the Cayman Islands.

A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Act, out of capital.

There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period. However, our Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 993,979,853 Shares in issue immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the Share Incentive Schemes, could accordingly result in up to approximately 99,397,985 Shares being repurchased by our Company during the period prior to:

- (a) the conclusion of our next annual general meeting unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditional or subject to conditions;
- (b) the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or
- (c) the date when the Repurchase Mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If, as a result of any repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase in the Shareholders' interests, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% or less as waived by the Stock Exchange of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company, our subsidiaries or Consolidated Affiliated Entities within the two years preceding the date of this prospectus and are or may be material, as well as contracts required to be disclosed pursuant to paragraph 17 of chapter 4.1 of the Guide For New Listing Applicants issued by the Stock Exchange:

- (a) the amended and restated exclusive option agreement dated September 16, 2020 entered into among WFOE, Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo, Mr. LI Yuejun and Beijing Changxing, pursuant to which Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo, Mr. LI Yuejun and Beijing Changxing agreed to grant WFOE an exclusive and irrevocable option to purchase all or part of the equity interests in Beijing Changxing held by Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun and/or the assets of Beijing Changxing at the lowest price as permitted by the PRC laws;
- (b) the amended and restated exclusive asset acquisition agreement dated September 16, 2020 entered into between WFOE and Beijing Changxing, pursuant to which Beijing Changxing agreed to grant WFOE an exclusive right to acquire all the assets owned by Beijing Changxing, to the extent permitted under the PRC laws;
- (c) the amended and restated exclusive business cooperation agreement dated September 16, 2020 entered into between WFOE and Beijing Changxing, pursuant to which WFOE agreed to provide exclusive business support, technology services and consulting services to Beijing Changxing in exchange for service fees;



- (d) the amended and restated equity pledge agreement dated September 16, 2020 entered into among WFOE, Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun and Beijing Changxing, pursuant to which Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun agreed to pledge all of their respective equity interests in Beijing Changxing to WFOE;
- (e) the amended and restated loan agreement dated September 16, 2020 entered into among WFOE, Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun, pursuant to which Beijing Changxing agreed to provide loans with an aggregate amount of RMB10.0 million to Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun for the purpose of investing in Beijing Changxing;
- (f) the amended and restated powers of attorney dated September 16, 2020 entered into among WFOE, Beijing Changxing and each of Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun, pursuant to which each of Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun irrevocably and unconditionally appointed WFOE as his proxy to exercise all of his rights as shareholders of Beijing Changxing;
- (g) the spousal undertakings dated September 16, 2020 executed by the respective spouses of Mr. SONG, Mr. LI Jinlong, Mr. ZHU Min, Mr. DUAN Jianbo and Mr. LI Yuejun, pursuant to which each of aforementioned spouses unconditionally and irrevocably consented to the execution of the abovementioned amended and restated equity pledge agreement, amended and restated exclusive option agreement, amended and restated loan agreement and amended and restated power of attorney dated September 16, 2020 signed by her spouse and confirmed and agreed that, among others, her spouse's existing and future equity interests in Beijing Changxing (together with any other interests therein) are separate properties of her spouse and she will not have any claim on such equity interests and assets;
- (h) the second supplemental agreement to the agreement on the waiver and confirmation regarding Dida Inc. dated February 9, 2024 entered into among the Company, 5brothers Limited, Firefiles Limited, Amazing Journey Limited, WFOE, Beijing Changxing, each of the Co-Founders, each of the Principal BVI Holdcos, IDG CHINA VENTURE CAPITAL FUND IV L.P., IDG CHINA IV INVESTORS L.P., Bitauto Hong Kong Limited, Lupin 2 Co. Ltd., BothWealth Fund L.P., Eastnor Castle Limited, Trustbridge Partners V, L.P., Ctrip Investment Holding Ltd, Moussedragon, L.P., LEAP PROFIT INVESTMENT LIMITED, HH SPR-IV Holdings Limited, Sumptuous Canna Limited, SMART CANVAS INVESTMENT LIMITED, NBNW Investment Limited, STAR CELESTIAL HOLDINGS LIMITED and Hangzhou Mingshan Investment L.P. (杭州銘杉投資合夥企業(有限合夥)), pursuant to which the Pre-IPO Investors irrevocably and unconditionally agreed, undertook and confirmed that, among others, they shall not exercise certain special rights described therein from the date of the submission of the application of the Listing until the Listing Date, and all the special rights will terminate immediately prior to the Listing; and
- (i) the Hong Kong Underwriting Agreement.

2. Our Material Intellectual Property Rights

As of the Latest Practicable Date, we had registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which are material to our business:

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Registration date	Expiry date
1.....		9,35,38,39,42	Beijing Changxing	Hong Kong	305313636	June 24, 2020	June 23, 2030
2.....		9,35,38,39,42	Beijing Changxing	Hong Kong	305313645	June 24, 2020	June 23, 2030
3.....	滴滴 ⁽¹⁾	39	Beijing Changxing	PRC	17888860	February 14, 2017	February 13, 2027
4.....	滴滴拼车 ⁽²⁾	39	Beijing Changxing	PRC	15519442A	December 21, 2015	December 20, 2025
5.....	滴滴	39	Beijing Changxing	PRC	55885346	March 28, 2022	March 27, 2032
6.....	智慧码	39	Beijing Changxing	PRC	61312725	June 7, 2022	June 6, 2032
7.....	滴滴拼车	39	Beijing Changxing	PRC	65651252	January 14, 2023	January 13, 2033

(1) In May 2022, the trademark was arguably invalidated by the CNIPA. We initiated an administrative litigation against the CNIPA regarding the invalidity of such trademark. On December 10, 2023, Beijing Intellectual Property Court decided in favor of us and revoked the CNIPA's announcement of invalidity of this trademark, specifically emphasizing that as Hangzhou DMEM's "滴滴" trademark has been conclusively determined invalid under the relevant service scope, such "滴滴" trademark cannot serve as the basis to invalidate the registration of this trademark. The case is pending the court's decision following Hangzhou DMEM's appeal to the Beijing High People's Court in January 2024. As of the date of this prospectus, the CNIPA's invalidation decision has not been effectuated, and the trademark remains valid. In addition, the CNIPA issued a Non-use Revocation decision for certain service areas covered under the trademark in December 2023. The Non-use Revocation decision has not come into effect as we filed an administrative litigation against the CNIPA in Beijing Intellectual Property Court in January 2024, seeking the withdrawal of the decision. As of the date of this prospectus, the administrative litigation is pending further court proceeding. See "Business—Intellectual Property."

(2) In February 2023, the trademark was arguably imposed Non-use Revocation by the CNIPA. We initiated the administration litigation process against the CNIPA in Beijing Intellectual Property Court, requesting the withdrawal of the Non-use Revocation decision, and the Beijing Intellectual Property Court decided the case in our favor in November 2023. Following the CNIPA's appeal to the Beijing High People's Court, on May 6, 2024, Beijing High People's Court made the final and conclusive decision to sustain Beijing Intellectual Property Court's favorable decisions for us to revoke the Non-use Revocation decisions. See "Business—Intellectual Property."

(b) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which are material to our business:

No.	Domain name	Registrant	Registration date	Expiry date
1 . . .	didachuxing.com	Beijing Changxing	September 6, 2015	September 6, 2031
2 . . .	dida-pinche.com	Beijing Changxing	March 30, 2015	March 30, 2029
3 . . .	didapinche.com	Beijing Changxing	March 14, 2014	March 14, 2031

(c) Patents

As of the Latest Practicable Date, we have registered the following patents which are material to our business:

No	Patent	Category	Registered Owner	Place of Application	Patent Number	Announcement Date
1 . . .	Vehicle equipment and vehicle monitoring system (車載設備及車載監控系統)	Utility model patent	Beijing Changxing	PRC	202020290430.2	January 8, 2021
2 . . .	Vehicle information acquisition method, installation and storage introduction (車輛信息獲取方法、裝置及存儲介質)	Invention patent	Beijing Changxing	PRC	202010163389.7	October 12, 2021
3 . . .	Path adjustment graphical user interface on display screen panel (顯示屏幕面板的路徑調整圖形用戶界面)	Industrial design patent	Beijing Changxing	PRC	202230011031.2	April 29, 2022
4 . . .	Graphical user interface for displaying order information on display screen panels (顯示屏幕面板的訂單信息展示圖形用戶界面)	Industrial design patent	Beijing Changxing	PRC	202230011030.8	May 24, 2022
5 . . .	Graphical user interface for displaying order information on display screen panels (顯示屏幕面板的訂單信息展示圖形用戶界面)	Industrial design patent	Beijing Changxing	PRC	202230011040.1	May 24, 2022

(d) Software Copyrights

As of the Latest Practicable Date, we have registered the following software copyrights which are material to our business:

<u>No.</u>	<u>Copyright</u>	<u>Version</u>	<u>Registration number</u>	<u>Copyright Owner</u>	<u>Date of Creation</u>
1 ..	Dida Chuxing Push System (嘀嗒出行推送系統)	V1.0	2018SR844150	Beijing Changxing	May 30, 2018
2 ..	Dida Chuxing Instant Chating System (嘀嗒出行即時聊天系統)	V1.0	2018SR078442	Beijing Changxing	September 30, 2017
3 ..	Dida Taxi Driver Android Mobile App (嘀嗒出租司機Android移動應用軟件)	V2.5.0	2018SR1039579	Beijing Changxing	September 30, 2018
4 ..	Dida Taxi Driver IOS Mobile App (嘀嗒出租司機iOS移動應用軟件)	V2.5.0	2018SR1039566	Beijing Changxing	September 30, 2018
5 ..	Dida Chuxing Android Mobile App (嘀嗒出行Android移動應用軟件)	V1.0	2015SR139403	Beijing Changxing	March 31, 2015
6 ..	Dida Chuxing IOS Mobile App (嘀嗒出行iOS移動應用軟件)	V1.0	2015SR139277	Beijing Changxing	March 31, 2015
7 ..	Dida Chuxing Platform System (嘀嗒出行平台系統)	V1.0	2015SR141636	Beijing Changxing	March 31, 2015

(e) Copyrights of works of fine art

As of the Latest Practicable Date, we have registered the following copyrights of fine art which are material to our business:

<u>No.</u>	<u>Copyright of work of fine art</u>	<u>Registration number</u>	<u>Copyright Owner</u>	<u>Date of Registration</u>
1 ..	Derivative logo of Dida Chuxing (嘀嗒出行衍生標誌)	GZDZ-2022-F-10137239	Beijing Changxing	July 12, 2022
2 ..	Dida (嘀嗒)	GZDZ-2022-F-10223299	Beijing Changxing	November 2, 2022
3 ..	Dida (嘀嗒)	GZDZ-2022-F-10223300	Beijing Changxing	November 2, 2022
4 ..	Dida (嘀嗒)	GZDZ-2022-F-10223301	Beijing Changxing	November 2, 2022
5 ..	Dida (嘀嗒)	GZDZ-2022-F-10223302	Beijing Changxing	November 2, 2022

Save as aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, designs, intellectual or industrial property rights which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests of our Directors and the Chief Executive of Our Company*

Immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares that may be issued under the Share Incentive Schemes, the interests or short positions of our Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed, will be as follows:

(i) *Interest in our Company*

<u>Name of Director</u>	<u>Nature of Interest</u>	<u>Number of Shares^(note 1)</u>	<u>Approximately percentage of interest in our Company</u>
Mr. SONG	Interest in a company controlled ⁽³⁾	659,873,289 (L)	66.39%
	Beneficial owner ⁽⁵⁾	4,000,000 (L)	0.40%
Mr. LI Jinlong	Interest in a company controlled ⁽³⁾	659,873,289 (L)	66.39%
	Beneficial owner ⁽⁵⁾	1,198,430 (L)	0.12%
Mr. ZHU Min	Interest in a company controlled ⁽³⁾	659,873,289 (L)	66.39%
Mr. DUAN Jianbo	Interest in a company controlled ⁽³⁾	659,873,289 (L)	66.39%
	Beneficial owner ⁽⁵⁾	3,190,577 (L)	0.32%
Mr. LI Yuejun	Interest in a company controlled ⁽³⁾	659,873,289 (L)	66.39%
	Beneficial owner ⁽⁵⁾	1,198,430 (L)	0.12%
Mr. LI Bin ⁽⁴⁾	Interest in a company controlled	61,713,431 (L)	6.21%

(1) The letter "L" denotes the person's long position in the Shares.

- (2) The calculation is based on the total number of 993,979,853 Shares in issue immediately after the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares that may be issued pursuant to the Share Incentive Schemes).
- (3) As of the Latest Practicable Date, 5brothers Limited was respectively owned as to 60.44%, 10.64%, 10.64%, 10.64%, 7.66% by Mr. SONG Zhongjie, Mr. LI Jinlong, Mr. LI Yuejun, Mr. ZHU Min and Mr. DUAN Jianbo, through their respective Principal BVI Holdco. The voting rights controlled by each of such person has taken into account the voting rights vested to 5brothers Limited by certain of our shareholders pursuant to certain Voting Proxy Deeds. See “Substantial Shareholders” in this prospectus for details.
- (4) Upon the Listing, Mr. LI Bin is deemed to be interested in (i) 20,184,278 Shares held by NBNW Investment Limited which is ultimately owned by a family trust whose settlor is Mr. LI Bin; and (ii) 40,368,557 and 1,160,596 Shares held by Smart Canvas Investment Limited and Star Celestial Holdings Limited respectively, which are ultimately controlled as to one third and as to 50% by Mr. LI Bin respectively.
- (5) See “—D. Share Incentive Schemes—1. (2). Pre-IPO Share Option Scheme” for details.

(ii) *Interest in associated corporations of our Company*

Name of Director	Name of associated corporation	Nature of interest	Registered Capital/ Number of issued shares	Approximate percentage of shareholding interest
Mr. SONG	Beijing Changxing	Beneficial interest	RMB6,057,550	60.58%
	Beijing Dida	Interest in a company controlled ⁽¹⁾	RMB5,000,000	100.00%
	5brothers Limited	Beneficial interest	5,750.55	60.44%
	GDP Holding Limited	Beneficial interest	1	100.00%
Mr. LI Jinlong	Beijing Changxing	Beneficial interest	RMB1,053,620	10.54%
	5brothers Limited	Beneficial interest	1,011.987	10.64%
	Golden Bay Limited	Beneficial interest	1	100.00%
Mr. ZHU Min	Beijing Changxing	Beneficial interest	RMB1,053,620	10.54%
	5brothers Limited	Beneficial interest	1,011.987	10.64%
	Sweet Creation Limited	Beneficial interest	1	100.00%
Mr. DUAN Jianbo	Beijing Changxing	Beneficial interest	RMB781,590	7.82%
	5brothers Limited	Beneficial interest	728.512	7.66%
	Amber Cultural Limited	Beneficial interest	1	100.00%
Mr. LI Yuejun	Beijing Changxing	Beneficial interest	RMB1,053,620	10.54%
	5brothers Limited	Beneficial interest	1,011.987	10.64%
	More&More Limited	Beneficial interest	1	100.00%

(1) As of the Latest Practicable Date, Beijing Dida was wholly owned by Beijing Changxing.

(b) *Interests of the Substantial Shareholders*

Save as disclosed in “Substantial Shareholders” and “Appendix IV—Statutory and General Information—C. 1. (a). Interests of our Directors and the Chief Executive of Our Company” immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares that may be issued pursuant to the Share Incentive Schemes, our Directors or chief executive are not aware of any other person (other than a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

2. Directors’ Service Contracts and Letters of Appointment

Each of our executive Directors has entered into a service contract with our Company, and we have issued letters of appointment to each of our non-executive Directors and each of our independent non-executive Directors on June 17, 2024. The service contracts with each of our executive Directors and the letters of appointment with each of our non-executive Directors are for an initial fixed term of three years commencing from the date of such agreement. The letters of appointment with each of our independent non-executive Directors are for an initial fixed term of three years. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, into a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors’ Remuneration

The aggregate remuneration (including salaries, share-based payment, bonus, retirement benefits and other benefits) paid to our Directors for the years ended December 31, 2021, 2022 and 2023 were approximately RMB4.0 million, RMB3.9 million and RMB92.3 million, respectively.

Save as disclosed above, no other payments have been made or are payable, in respect of the years ended December 31, 2021, 2022 and 2023, by any of member of our Group to any of our Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending December 31, 2023 to be approximately RMB40.3 million.

4. Directors' Competing Interests

None of our Directors or his/her respective close associates are interested in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

5. Disclaimers

- (a) None of our Directors nor any of the persons listed in “—E. Other Information—5. Qualification of Experts” below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) None of our Directors nor any of the persons listed in “—E. Other Information—5. Qualification of Experts” below is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;
- (c) Save in connection with Underwriting Agreements, none of the persons listed in “—E. Other Information—5. Qualification of Experts” below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (d) Save as disclosed in the “Business” section in this prospectus, none of our Directors, their respective close associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers for each year of the Track Record Period, respectively.

D. SHARE INCENTIVE SCHEMES**1. Pre-IPO Share Incentive Schemes***(1). Pre-IPO Restricted Share Scheme*

The following is a summary of the principal terms of the Pre-IPO Restricted Share Scheme adopted in 2014 and as amended and restated in September 2020. The Pre-IPO Restricted Share Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as no Shares will be granted under such scheme after the Listing.

(a) Purposes

The purpose of the Pre-IPO Restricted Share Scheme is to reward the selected participants for their contributions in the development of our Group, and to encourage them to contribute to the growth and development of our Company for the benefit of our Company and its shareholders as a whole.

(b) Selected Participants

Persons (the “selected participants”) eligible to receive the restricted shares (the “Restricted Shares”) under the Pre-IPO Restricted Share Scheme are Directors, senior management members, employees, consultants and other individuals, as determined, authorized and approved by the Board or a committee or person as authorized by the Board (the “Administrator”), considers, in its sole discretion, to have contributed or will contribute to the growth and development of our Group. Each selected participant shall enter into a restricted share award agreement (the “Restricted Share Agreement”) with, among others, our Company for the Restricted Shares granted to such person under the Pre-IPO Restricted Share Scheme.

(c) Administration

The Administrator is the administrator of such scheme and shall have the exclusive right to determine all the matters with respect to the awards under the Pre-IPO Restricted Share Scheme, including, among others, the grant of awards and the terms and conditions of the awards.

The Restricted Shares granted and issued to the selected participants under the Pre-IPO Restricted Share Scheme were held by the ESOP Nominee that was wholly owned by the ESOP Trustee, for and on behalf of such selected participants.

(d) Rights attached to the Restricted Shares

The selected participants are entitled to all the rights attached to the Restricted Shares upon the date of grant, including the economic interests of the Restricted Shares as well as the rights to receive dividends and other economic benefits, except that such Restricted Shares shall be subject to certain disposal restrictions during the lock-up period as described below.

Prior to the consummation of the initial public offering of our Company, the selected participants appoint the ESOP Trustee, as their attorney-in-fact and proxy, to, (i) exercise, on an exclusive basis, all the rights in relation to the management of the affairs of the nominee company that holds the Restricted Shares for and on behalf of the selected participants, including but not limited to manage, control and determine the investment, business and other affairs, and (ii) exercise, on an irrevocable basis, the shareholders' rights in respect of the Restricted Shares, including but not limited to the voting rights, except for rights to receive economic interests. The ESOP Trustee will not exercise such shareholders rights unless as otherwise instructed by the Administrator or as expressly required or permitted under the scheme.

(e) Restrictions on the Restricted Shares

Unless as otherwise indicated, the Restricted Shares held by the selected participants under the Pre-IPO Restricted Share Scheme are generally subject to a lock-up period of four years starting from the date of grant, during which the selected participants shall not dispose of any of the Restricted Shares, and our Company or 5brothers Limited, where applicable, shall have the right to purchase such shares at nil consideration if the selected participant terminate his/her employment with our Group during such period.

Upon and after expiry of the lock-up period:

- (i) if the Shares are listed, the selected participants can dispose of and exercise the rights attached to their Restricted Shares in their own discretion subject to compliance with, among others, applicable laws and regulations and stock exchange rules;
- (ii) if the Shares are not listed, the selected participants agree that (a) the selected participants shall not dispose or transfer the Restricted Shares without the prior consent of our Company, (b) the rights attached to the Restricted Shares (excluding rights to receive economic interests) shall continue to be exercised by the ESOP Trustee in accordance with the instructions of the Administrator, and (c) our Company or 5brothers Limited, where applicable, shall have the right to purchase such shares at the price per share equivalent to the purchase price per share paid in our Company's last round of financing if the selected participant terminate his employment with our Group.

(f) Tax; Amendment; Termination

The selected participants shall bear all the taxes relating to the Restricted Shares under applicable laws. Our Company and the trustee shall have the right to withhold taxes from the amounts payable to the selected participants.

Our Company has the right to amend, modify and supplement the terms of the Restricted Share Agreements in its own discretion for the purpose of financing, initial public offering and merger and acquisition. Our Company shall have the right to unilaterally terminate the Restricted Share Agreement if the selected participants are found to have committed any prohibited acts that materially and adversely affect our Group's interest or reputation or materially breach the employment agreement or violate the Group's internal policies at any time during his employment with our Group, including, among others, violation of laws, ethics, confidentiality obligations or conducting of graft or serious dereliction of duty or malfeasance, and all proceeds from disposal of Restricted Shares shall be returned to our Company.

(g) Number of the Restricted Shares

The aggregate maximum number of Shares which may be issued pursuant to the Pre-IPO Restricted Share Scheme and the Pre-IPO Share Option Scheme is 45,198,011 Ordinary Shares, comprising an aggregate of 16,023,137 issued Ordinary Shares held by the ESOP Nominee and 29,174,874 unissued Ordinary Shares to be issued upon exercise of relevant awards, and the Administrator shall have the sole discretion to determine the final number of Shares to be allocated and designated as the underlying shares for each of the Pre-IPO Restricted Share Scheme and the Pre-IPO Share Option Scheme. As of the Latest Practicable Date, an aggregate of 8,230,000 Restricted Shares were granted and outstanding, representing 0.83% of the total issued share capital of our Company immediately upon completion of the Global Offering, assuming no exercise of the Over-allotment Option and no Shares that may be issued under the Share Incentive Schemes were issued. Our Company will not grant additional Restricted Shares under the Pre-IPO Restricted Shares Scheme after the Listing. Particulars of the Restricted Shares issued to the selected participants are set forth below:

<u>Name of the selected participants</u>	<u>Position held with our Group</u>	<u>Number of Restricted Shares⁽²⁾</u>	<u>Approximate shareholding percentage⁽¹⁾</u>
Mr. JIANG Zhenyu	Chief Financial Officer and joint company secretary	7,000,000	0.70%
Other 5 selected participants	Employees/former employees	1,230,000	0.12%
	Total	8,230,000	0.83%

(1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue immediately following completion of the Global Offering without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Share Incentive Schemes.

(2) The Restricted Shares issued to the selected participants comprises 8,230,000 Ordinary Shares issued to and held by the ESOP Nominee, a company incorporated for the purpose of holding the Shares under the Share Incentive Schemes and is wholly owned by the ESOP trustee.

For the Restricted Shares granted under the Pre-IPO Restricted Share Scheme, they shall (unless as otherwise determined and so notify such selected participants in writing) vest as follows: (1) as to approximately 53.9% of all the restricted shares as of December 31, 2022; (2) as to 14.2% of all the restricted shares annually over the three years following December 31, 2022; and (3) as to approximately 3.5% of all the restricted shares as of December 31, 2026.

(2). Pre-IPO Share Option Scheme

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme of our Company adopted in 2014 and as amended and restated in September 2020. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as no option will be granted under the Pre-IPO Share Option Scheme after the Listing.

(a) Purpose

The purpose of the Pre-IPO Restricted Share Scheme is to reward the participants for their contributions in the development of our Group, and to encourage them to contribute to the growth and development of our Company for the benefit of our Company and its shareholders as a whole.

(b) Selected Participants

Persons (the “selected participants”) eligible to participate in the Pre-IPO Share Option Scheme include Directors, members of the senior management, employees, consultants, and other individuals, as determined, authorized and approved by the Board or a committee or person authorized by the board (the “Administrator”). The Administrator may, from time to time, select and determine the selected participants. No individual has any right to be granted options pursuant to the Pre-IPO Share Option Scheme.

(c) Administration

The Administrator is the administrator of such scheme and shall have the exclusive right to determine all the matters with respect to the awards under the Pre-IPO Share Option Scheme, including, among others, (i) designate selected participants to receive options; (ii) determine the number of options to be granted and the number of underlying Shares to which an option will relate; and (iii) determine the terms and conditions of any options granted pursuant to the Pre-IPO Share Option Scheme.

The Shares underlying the options (the “Options”) granted and issued to the selected participants under our Pre-IPO Share Option Scheme were issued to and held by the ESOP Nominee that was wholly owned by the ESOP Trustee, for and on behalf of our Company/the selected participants, as the case may be.

(d) Option grants

The Administrator is authorized to grant Options to purchase the number of Shares at the exercise price and in accordance with the vesting schedule as determined by the Administrator in its sole discretion. Each selected participant shall enter into a share option award agreement (the “Share Option Award Agreement”) with, among others, our Company for the Options granted to such person under the Pre-IPO Share Option Scheme.

(e) Rights and Restrictions attached to Options

The Options are personal to each selected participant and are not assignable or transferable. The selected participants shall not have the right in any way to sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Options, except as otherwise pre-approved by the Administrator.

A selected participant does not have any contingent interest in any Shares underlying the Options unless and until such Shares are actually issued or transferred to the selected participant. Further, a selected participant may not exercise voting rights in respect of the Shares underlying the Options until such Options are vested, nor do they have any rights to any income, dividends or distributions and/or the proceeds from sales of such distributions in connection with any Shares underlying the Options. The rights attached to the Shares underlying the unvested Options shall be exercised by the ESOP Trustee in accordance with the instructions of the Administrator. The ESOP Trustee will not exercise such shareholders rights unless as otherwise instructed by the Administrator or as expressly required or permitted under the scheme.

Upon and after the exercise of Options:

- (i) if the Shares are listed, the selected participants can dispose of and exercise the rights attached to their Shares in their own discretion subject to compliance with, among others, applicable laws and regulations and stock exchange rules;

- (ii) if the Shares are not listed, (a) the selected participant shall not dispose or transfer the Shares without the prior consent of our Company, (b) the rights attached to the Shares (excluding rights to receive economic interests) shall vest to and continue to be exercised by the ESOP Trustee as its attorney-in-fact except for rights to receive economic interests in accordance with the instruction of the Administrator, and (c) our Company or 5brothers Limited, where applicable, shall have the right to purchase such shares at the price per share equivalent to the purchase price per share paid in our Company's last round of financing if the selected participant terminate his employment with our Group.

(f) Vesting schedule

Unless as otherwise determined by the Administrator, the Options under the Pre-IPO Share Option Scheme are generally vested over a period of four years commencing from the date of grant with each 25% of the underlying Shares vested at each anniversary of the date of grant. Our Company shall have the right to accelerate the vesting of Options under certain major corporate transactions, such as the merger and acquisition.

If a Participant terminate its employment with our Group, (i) the unvested Options shall lapse and be purchased by our Company or 5brothers Limited, where applicable, at nil consideration; and (ii) the vested Options shall be exercisable within three months from the termination of employment or upon termination of employment, as the case may be; and our Company or 5brothers Limited, where applicable, shall have the right to purchase such shares at the price per share equivalent to the purchase price per share paid in our Company's last round of financing.

(g) Exercise price

The exercise price per Share subject to an Option shall be determined by the Administrator and shall be set forth in the Share Option Award Agreement. The exercise price shall not be less than the par value of such Share, and may be a fixed or variable price related to the fair market value of the Shares. The exercise price per Share subject to an Option may be amended or adjusted in the absolute discretion of the Administrator, the determination of which shall be final, binding and conclusive.

(h) Exercise of Options

A selected participant may exercise the Options by delivering an exercise notice to our Company at least ten days prior to the exercise with the exercise price fully paid by such selected participant. Options that are vested and exercisable will terminate if they are not exercised within ten years from the date of grant.

(i) Maximum number of Shares underlying the Options

The aggregate maximum number of Shares underlying the Options under the Pre-IPO Share Option Scheme and the Shares under the Pre-IPO Restricted Share Scheme is 45,198,011 Ordinary Shares, and the Administrator shall have the sole discretion to determine the final number of Shares to be allocated and designated as the underlying shares for each of the Pre-IPO Restricted Share Scheme and the Pre-IPO Share Option Scheme. Notwithstanding the provisions regarding termination of employment or service, the Administrator shall have the right to determine that any Options that would otherwise terminate pursuant to such provisions be transferred to any other existing or additional selected participant or permitted transferees that the Administrator may in its sole discretion determine, and the Administrator may reflect any such determination in a written notice to such person(s).

(j) Adjustments

In the event of any share dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the Shares or the price of a Share, the Administrator shall make such proportionate adjustments, if any, as the Administrator in its discretion may deem appropriate to reflect such change.

(k) Tax; Amendment; Termination

The selected participants shall bear all the taxes relating to the Options under applicable laws. Our Company and the trustee shall have the right to withhold taxes from the amounts payable to the selected participants.

Our Company has the right to amend, modify and supplement the terms of the Share Option Award Agreements in its own discretion for the purpose of financing, initial public offering and merger and acquisition. Our Company shall have the right to unilaterally terminate the Share Option Award Agreement if the selected participants are found to have committed any prohibited acts that materially adversely affect our Group's interest or reputation or materially breach the employment agreement or our Group's internal policies at any time during his employment with our Group, including, among others, violation of laws, ethics, confidentiality obligations or conducting of graft or serious dereliction of duty or malfeasance, and all proceeds from disposal of Options or underlying Shares shall be returned to our Company.

(l) Outstanding options granted

The aggregate maximum number of Shares which may be issued pursuant to the Pre-IPO Restricted Share Scheme and the Pre-IPO Share Option Scheme is 45,198,011 Ordinary Shares, comprising an aggregate of 16,023,137 issued Ordinary Shares held by the ESOP Nominee and 29,174,874 unissued Ordinary Shares to be issued upon exercise of relevant awards, and the Administrator shall have the sole discretion to determine the final number of Shares to be allocated and designated as the underlying shares for each of the Pre-IPO Restricted Share Scheme and the Pre-IPO Share Option Scheme. As of the Latest Practicable Date, Options to 239 selected participants under the Pre-IPO Share Option Scheme entitling to an aggregate of 32,395,309 Ordinary Shares were granted and outstanding, representing 3.26% of the total enlarged issued share capital of our Company immediately following completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Share Incentive Schemes). No consideration is paid for grant of such Options. Our Company will not grant additional Options under the Pre-IPO Share Option Scheme after the Listing. Assuming full vesting and exercise of all awards granted under the Pre-IPO Share Incentive Schemes, the shareholding of our Shareholders immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) would be diluted by 2.42%. See note 15 to the Accountants' Report in Appendix I to this prospectus for details of the dilution effect of the Options on the earnings per share.

We have applied for, and have been granted (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to the Listing Rules, and (ii) an certificate of exemption from the SFC from the strict compliance with the disclosure requirement under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. See "Waivers from Strict Compliance with the Listing Rules and Exemption from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver and Exemption in Relation to the Pre-IPO Share Option Scheme" in this prospectus for details.

Particulars of the Options granted under the Pre-IPO Share Option Scheme are set forth below:

Name of the Selected Participants	Title	Address	Number of Shares underlying the		Exercise price (US\$)	Exercise period	Approximate
			Options outstanding ⁽¹⁾	Date of grant			percentage of issued shares immediately after completion of the Global Offering ⁽¹⁾
<i>Directors, senior management and connected persons</i>							
Mr. SONG Zhongjie . . .	Chairman, executive Director and chief executive officer	No. 169, Beijing Riviera No. 1 Xiangjiang North Road Chaoyang District Beijing, PRC	4,000,000	March 10, 2024	0.0001	Ten years from the date of grant	0.40%
Mr. LI Jinlong . . .	Executive Director and vice president	Room 202, Division 2 Building 1 No. 2 Courtyard Jinchan Happy Garden, Chaoyang District Beijing, PRC	1,198,430	March 10, 2024	0.0001	Ten years from the date of grant	0.12%
Mr. DUAN Jianbo	Executive Director and vice president	Room 302, Division 1 Building 6 Tianyue Garden Chaoyang District Beijing, PRC	3,190,577	March 10, 2024	0.0001	Ten years from the date of grant	0.32%
Mr. LI Yuejun . . .	Executive Director and vice president	Room 101, Building 35, Cape Coral No. 381, Shaxi Avenue Panyu District, Guangzhou Guangdong Province, PRC	1,198,430	March 10, 2024	0.0001	Ten years from the date of grant	0.12%
Mr. HUANG Ruimin	Vice president	5/F, Building 14, Chaolai Science Park, No. 36 Courtyard, Chuangyuan Road, Chaoyang District, Beijing, PRC	1,250,000	March 31, 2021	0.15	Ten years from the date of grant	0.13%
			1,750,000	September 30, 2021	0.15	Ten years from the date of grant	0.18%
Subtotal			12,587,437				1.27%

Name of the Selected Participants	Title	Address	Number of Shares underlying the		Exercise price (US\$)	Exercise period	Approximate percentage of issued shares immediately after completion of the Global Offering ⁽¹⁾
			Options outstanding ⁽¹⁾	Date of grant			
<i>Grantees who had been granted options to subscribe for an aggregate of 1,000,000 Shares or more</i>							
Ms. XIANG Hong (向紅)	Senior finance director	No. 3, Floor 4, Door 1, Building 9, Chegongzhuang Street North Lane, Xicheng District, Beijing, PRC	500,000	September 1, 2014	0.044	Ten years from the date of grant	0.05%
			150,000	March 1, 2018	0.15	Ten years from the date of grant	0.02%
			150,000	March 1, 2019	0.15	Ten years from the date of grant	0.02%
			200,000	June 30, 2020	0.15	Ten years from the date of grant	0.02%
			10,000	December 31, 2020	0.15	Ten years from the date of grant	0.001%
			50,000	March 31, 2021	0.15	Ten years from the date of grant	0.01%
			400,000	December 31, 2023	0.15	Ten years from the date of grant	0.04%

Name of the Selected Participants	Title	Address	Number of Shares underlying the		Exercise price (US\$)	Exercise period	Approximate percentage of issued shares immediately after completion of the Global Offering ⁽¹⁾
			Options outstanding ⁽¹⁾	Date of grant			
Mr. LUO Jun (羅軍)	Senior government affairs director	No. 25, Unit 2, No. 35 Boai Road, Nanming District, Guiyang City, Guizhou Province, PRC	20,000	March 1, 2018	0.15	Ten years from the date of grant	0.002%
			50,000	March 1, 2019	0.15	Ten years from the date of grant	0.01%
			130,000	September 1, 2019	0.15	Ten years from the date of grant	0.01%
			50,000	March 1, 2020	0.15	Ten years from the date of grant	0.01%
			760,000	June 30, 2020	0.15	Ten years from the date of grant	0.08%
			10,000	December 31, 2021	0.15	Ten years from the date of grant	0.001%
			400,000	December 31, 2023	0.15	Ten years from the date of grant	0.04%

Name of the Selected Participants	Title	Address	Number of Shares underlying the		Exercise price (US\$)	Exercise period	Approximate percentage of issued shares immediately after completion of the Global Offering ⁽¹⁾
			Options outstanding ⁽¹⁾	Date of grant			
Mr. ZHANG Kangzong (張康宗)	Senior technical director	Room 1502, Building 249, No. 1 Zhuhai Avenue, Xiangzhou District, Zhuhai City, Guangdong Province, PRC	500,000	March 1, 2021	0.15	Ten years from the date of grant	0.05%
			150,000	December 31, 2021	0.15	Ten years from the date of grant	0.02%
			50,000	December 31, 2022	0.15	Ten years from the date of grant	0.01%
			400,000	December 31, 2023	0.15	Ten years from the date of grant	0.04%
Mr. WEI Shaojun (魏少俊)	Senior technology director	Room 303, Gate 1, Building 11, Dongshengyuan Apartment Dormitory, Haidian District, Beijing, PRC	150,000	June 30, 2021	0.15	Ten years from the date of grant	0.02%
			350,000	December 31, 2021	0.15	Ten years from the date of grant	0.04%
			50,000	December 31, 2022	0.15	Ten years from the date of grant	0.01%
			500,000	December 31, 2023	0.15	Ten years from the date of grant	0.05%
Subtotal			5,030,000				0.51%

Other grantees

Range of Shares underlying the Options outstanding	Total number of grantees	Total number of Shares underlying the Options outstanding ⁽¹⁾	Date of grant	Exercise price (US\$)	Exercise period	Approximately percentage of issued Shares immediately after the completion of the Global Offering ⁽¹⁾
1-9,999	18	60,850	September 1, 2014- December 31, 2023	0.044-0.15	Ten years from the date of grant	0.01%
10,000-19,999	67	711,652	September 1, 2014- December 31, 2023	0.044-0.15	Ten years from the date of grant	0.07%
20,000-49,999	65	1,657,120	September 1, 2014- March 31, 2024	0.044-0.15	Ten years from the date of grant	0.17%
50,000-99,999	40	2,658,750	September 1, 2014- December 31, 2023	0.044-0.15	Ten years from the date of grant	0.27%
100,000-499,999	34	6,034,500	September 1, 2014- March 31, 2024	0.044-0.15	Ten years from the date of grant	0.61%
500,000-999,999	6	3,655,000	September 1, 2014- December 31, 2023	0.044-0.15	Ten years from the date of grant	0.37%
Subtotal	230	14,777,872				1.49%
Total	239	32,395,309				3.26%

(1) The table above assumes that the Over-allotment Option is not exercised, and no Shares may be issued under the Share Incentive Schemes.

(2) The Shares underlying such Options comprises (i) 7,793,137 Ordinary Shares issued to and held on trust by the ESOP Nominee, a company incorporated for the purpose of holding the Shares under the Share Incentive Schemes and is wholly owned by the ESOP trustee, and (ii) 24,602,172 unissued Ordinary Shares to be issued and held by the ESOP Nominee upon exercise of such Options.

For the Options granted under the Pre-IPO Share Option Scheme, they shall (unless as otherwise determined and so notify such selected participants in writing) vest as follows: (1) as to approximately 57.75% of all such Options as of December 31, 2023; (2) as to approximately 14.22% of all such Options as of December 31, 2024; (3) as to approximately 13.54% of all such Options as of December 31, 2025; (4) as to approximately 7.78% of all such Options as of December 31, 2026; (5) as to approximately 6.30% of all such Options as of December 31, 2027; and (6) as to approximately 0.41% of all such Options as of December 31, 2028.

2. Post-IPO RSU Scheme

The following is a summary of the principal terms of the Post-IPO RSU Scheme approved and adopted in compliance with the provisions of Chapter 17 of the Listing Rules by resolutions of our Shareholders on March 31, 2023 and amended on June 13, 2024.

(a) Purposes of the Post-IPO RSU Scheme

The purposes of the Post-IPO RSU Scheme are: (i) to recognize the contributions by grantees and to give incentives thereto in order to retain them for the continual operation and development of our Group; and (ii) to attract suitable personnel for further development of our Group.

(b) Conditions and Present Status

The Post-IPO RSU Scheme shall take effect conditional upon (i) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the new Shares underlying the Awards (as defined below) which may be granted pursuant to the Post-IPO RSU Scheme; and (ii) the commencement of trading of the Shares on the Stock Exchange.

(c) Awards

An award of RSUs under the Post-IPO RSU Scheme (“Award”) gives a selected person (as set out in paragraph (e) below) in the Post-IPO RSU Scheme a conditional right when the granted RSUs vest to obtain Shares as determined by the Board or its authorized committee or person (the “Administrator”) in its absolute discretion.

(d) Post-IPO RSU Mandate Limit

The maximum aggregate number of Shares underlying all grants of RSUs pursuant to the Post-IPO RSU Scheme (including Awards that have lapsed but excluding Awards that have been cancelled in accordance with the rules of the Post-IPO RSU Scheme) will not exceed 99,397,985 Shares, representing approximately 10% of the number of Shares in issue on the Listing Date (excluding the treasury shares of our Company, assuming no exercise of the Over-allotment Option and without taking into account any Shares to be issued pursuant to the Share Incentive Schemes) (“Post-IPO RSU Mandate Limit”), among which, the maximum number of Shares may be granted to Service Providers under the Post-IPO RSU Scheme is 9,939,798 Shares, representing approximately 1% of the number of Shares in issue on the Listing Date (excluding the treasury shares of our Company, assuming no exercise of the Over-allotment Option and without taking into account any Shares to be issued pursuant to the Share Incentive Schemes) (the “Service Provider Sublimit”). The Service Provider Sublimit was determined based on 10% of the Scheme Mandate and estimated based on the possible number of award Shares that our Company intends to grant to Service Providers and our Company’s future business and development plan. This Post-IPO RSU Mandate Limit (including the Service Provider Sublimit) may be refreshed from time to time pursuant to paragraph (e).

Our Board considers that the Service Providers Sublimit is appropriate and reasonable taking into account (i) the grant of awards to the Service Providers will be decided on a case-by-case basis based on his/her contributions to the development and growth of our Group from time to time; and (ii) we estimate that the percentage of the number of award Shares that we intend to grant to the Service Providers will be less than 1% of issued Shares of our Company as at the Listing Date (excluding the treasury shares of our Company, assuming no exercise of the Over-allotment Option and without taking into account any Shares to be issued pursuant to the Share Incentive Schemes). Our Directors consider the Service Provider Sublimit to be appropriate and reasonable given our Group's business needs and such a limit provides our Group with flexibility to provide equity incentive (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or officers of our Group, but who may have expertise in their field or who may be able to provide valuable expertise or services to our Group.

The Shares which may be issued in respect of all options and Awards to be granted under the Post-IPO RSU Scheme and other share schemes of our Company (including options or Awards that have been cancelled but excluding those that have lapsed in accordance with the terms of the respective share schemes) shall not exceed 10% of the aggregate of the Shares in issue on the Listing Date (excluding the treasury shares of our Company, assuming no exercise of the Over-allotment option and without taking into account of any Shares that may be issued under the Share Incentive Schemes) ("Mandatory Mandate Limit").

(e) Refresh of the Mandate Limit

Our Company may seek approval of our Shareholders in general meeting for refreshing the Post-IPO RSU Mandate Limit (including the Service Provider Sublimit) every three years after the Listing Date or the shareholder approval date of the last refreshment, as the case may be. However, the Post-IPO RSU Mandate Limit and the Service Provider Sublimit as refreshed shall not exceed 10% and 1% of the total number of Shares in issue as at the date of approval of the Shareholders on the refreshment (excluding the treasury shares of our Company), respectively. Any refreshment within any three-year period must be approved by our Shareholders subject to the following or other terms under the applicable listing rules and laws and regulations: (i) any Controlling Shareholders (as defined in the Listing Rules) and their associates (or if there is no Controlling Shareholders, Directors (excluding the independent non-executive Directors) and the chief executive of our Company and their respective associates) must abstain from voting in favor of the relevant resolutions at the general meeting; and (ii) our Company must comply with the requirement of independent shareholder approval.

A circular containing the information required under the Listing Rules shall be sent to our Shareholders in connection with the meeting at which their approval will be sought.

(f) Selected Persons

The Administrator may select (1) employees, Directors or officers of our Group or (2) any person who provided services to our Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interest of long-term growth of our Group (“Service Provider(s)”) as eligible persons to be granted with RSUs pursuant to the Post-IPO RSU Scheme. The Service Providers include: (a) suppliers of services to any member of our Group; and (b) advisors (professional or otherwise) or consultants to any area of business or business development of any member of our Group. For the avoidance of doubt, the Service Providers exclude placing agents or financial advisers providing advisory services to our Group for fundraising, mergers or acquisitions; and professional service providers such as auditors or valuers who provide assurance or are required to perform their services to the Group with impartiality and objectivity.

Our Board (including the independent non-executive Directors) is of the view that, apart from the contributions from employees and directors of our Group, the success of our Group might also come from efforts and contributions from non-employees (including Service Providers) who have contributed to our Group or may contribute to our Group in the future. The eligibility of Service Providers to participate in the Post-IPO RSU Scheme is consistent with the purpose of such scheme, which enables our Group to preserve its cash resources and use share incentives to encourage persons outside of our Group to contribute to our Group and align the mutual interests of each party, as our Company and the Service Providers, by holding on to equity incentives, will mutually benefit from the long term growth of our Group.

(g) Duration

Subject to the fulfillment of the conditions of the Post-IPO RSU Scheme and the termination clause in paragraph (x), this Post-IPO RSU Scheme shall be valid and effective for a term of ten years commencing on the Listing Date (or such earlier date as the Board may decide) (the “Post-IPO RSU Scheme Period”), after which period no further Awards shall be granted or accepted, but the provisions of the Post-IPO RSU Scheme shall remain in full force and effect in order to give effect to the vesting and exercise of RSUs granted and accepted prior to the expiration of the Post-IPO RSU Scheme Period.

(h) Administration

This Post-IPO RSU Scheme shall be subject to the administration of the Board (or any duly authorized committee or person by the Board) (the “Administrator”) in accordance with the rules of the Post-IPO RSU Scheme. The Administrator has the power to construe and interpret the rules of the Post-IPO RSU Scheme and the terms of the Awards granted thereunder. Any decision of the Administrator made in accordance with the rules of the Post-IPO RSU Scheme shall be final and binding, provided in each case that such decision is made in accordance with the Articles and any applicable laws.

(i) Appointment of Post-IPO RSU Trustee

The Administrator has the sole and absolute right to appoint any RSU trustee from time to time to administrate the granting, vesting and exercise of Awards granted to the grantees pursuant to the Post-IPO RSU Scheme. Our Company may (i) allot and issue Shares or transfer its treasury Shares (in the event that our Company has treasury Shares available and under the relevant circumstances as the Board deems fit) to the RSU trustee to be held by the RSU trustee and which will be used to satisfy the Awards upon exercise and/or (ii) direct and procure the RSU trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the Awards upon exercise. For the avoidance of doubt, in the event that our Company has treasury Shares available, our Company may, after taking into account of relevant circumstances, use treasury Shares to fund the Awards.

(j) Grant of Awards

After the Administrator has selected the grantees, it will inform the RSU trustee of the name(s) of the person(s) selected, the number of Shares underlying the Awards to be granted to each of them, the vesting schedule and other terms and conditions (if any) that the RSUs are subject to as determined by the Administrator.

Subject to limitations and conditions of the Post-IPO RSU Scheme, the Administrator shall grant and deliver to each of the selected persons an offer of grant of Award(s) by way of a letter, which shall attach an acceptance notice, subject to the conditions that the Administrator thinks fit.

(k) Acceptance of Awards

If the selected person intends to accept the offer of grant of Award(s) as specified in the grant letter, he or she is required to sign the acceptance notice and return it to our Company within the period and in a manner prescribed in the grant letter. Upon the receipt from the selected person of a duly executed acceptance notice, the Award(s) are granted to such person, who becomes a grantee pursuant to the Post-IPO RSU Scheme.

To the extent that the offer of grant of Award(s) is not accepted by any selected person within the time period or in a manner prescribed in the grant letter, it shall be deemed that such offer has been irrevocably declined and thus the RSUs has immediately lapsed.

(l) Restrictions on grants

The Administrator shall not grant any RSUs to any selected person in any of the following circumstances:

- (1) the requisite approvals for such grant from any applicable regulatory authorities have not been obtained;
- (2) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of Award(s) or in respect of the Post-IPO RSU Scheme, unless the Administrator determines otherwise;
- (3) the grant would result in a breach by our Group or any of its directors or senior management of any applicable laws, regulations or rules;
- (4) the grant would result in breach of the Post-IPO RSU Mandate Limit and the Service Provider Sublimit or other rules of the Post-IPO RSU Scheme; or
- (5) after inside information (as defined under the SFO) has come to our Company's knowledge until our Company has announced such information. In particular, during the period set forth under paragraph (e) below.

(m) Grant to Directors

If any Award is proposed to be granted to a Director, it shall not be granted on any day on which the financial results of our Company are published and during the period of: (i) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (ii) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(n) Grants to Connected Persons

- (a) Any grant of Awards to a Participant who is a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or their respective associates under the Post-IPO RSU scheme or any other share scheme of our Company or any of its subsidiaries shall be subject to approval of the Remuneration Committee.
- (b) Where any grant of Awards to the following persons falls into any of the following:
 - (i) any Options or Awards to a Participant who is a substantial shareholder (with the meaning as ascribed under the Listing Rules) of our Company or an independent non-executive Director of our Company, or any of their respective associates would result in our Shares issued and to be issued in respect of all Options and Awards granted (including Options and Awards that have been cancelled but excluding those lapsed in accordance with the terms of the scheme) to such person in the Relevant Period, representing in aggregate more than 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue (excluding the treasury shares of our Company) on the Relevant Date; and
 - (ii) any grant of Awards (excluding grant of Options) to a Director (other than an independent non-executive Director) or chief executive of our Company, or any of their associates would result in the Shares issued and to be issued in respect of all awards granted (including Options and Awards that have been cancelled but excluding those lapsed in accordance with the terms of the scheme) to such person in the Relevant Period representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue (excluding the treasury shares of our Company),

such proposed grant of Options and/or Awards, as the case may be, must be approved by our Shareholders, in such manner as required under the Listing Rules. In such a case, our Company shall send a circular to our Shareholders containing all those terms as required under the Listing Rules. The grantee, his or her associates and all core connected persons of our Company must abstain from voting in favor of the resolution at such general meeting.

(o) Rights attached to Awards

A grantee does not have any contingent interest in any Shares underlying Awards unless and until these Shares are actually transferred to the grantee from the RSU trustee. Furthermore, a grantee may not exercise any voting right in respect of the Shares underlying the Award prior to their vesting and exercise and, unless otherwise specified by the Administrator in its sole discretion in the grant letter to the grantee, nor do they have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying the Awards.

(p) Rights attached to Shares

Any Shares transferred to a grantee in respect of any RSUs shall be subject to the provisions of the Articles and will rank *pari passu* with the fully paid Shares in issue on the date of the transfer or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members, and accordingly will entitle the grantee to participate in all dividends or other distributions paid or made on or after the date of transfer or, if that date falls on a day when the register of members of our Company closed, the first day of the reopening of the register of members.

Unless as otherwise required under applicable laws, rules and regulations, the RSU trustee holding unvested Shares of the Post-IPO RSU Scheme, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

(q) Awards to be personal to grantees

Awards granted pursuant to this Post-IPO RSU Scheme shall be personal to each grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any Award, except for the transmission of Awards on the death or incapacitation of the grantee to his personal representative(s) according to the terms of the Post-IPO RSU Scheme or to a vehicle (such as a trust or a private company) for the benefit of the grantee and any family members of such grantee as separately waived in accordance with the Listing Rules. Notwithstanding the above, the grantees are prohibited from selling, transferring, assigning, charging, mortgaging, encumbering, hedging or creating any interest in favor of any other person over or in relation to any property held by the RSU trustee on trust for the grantees, Awards, Shares underlying any Awards or any interest or benefits therein.

(r) Vesting

- (1) The Administrator has the sole discretion to determine the vesting schedule and vesting criteria (if any) for any grant of Award(s) to any grantee, which may also be adjusted and re-determined by the Administrator from time to time provided that the vesting period for RSUs shall not be less than 12 months unless under specific circumstances as otherwise determined by our Board or its authorized person, including but not limited to such specific circumstances as permitted under applicable guidance and the Listing Rules. No general requirements for any performance target has to be achieved before the vest of RSUs unless under specific circumstances as otherwise determined by our Board or its authorized person. Our Board believes that its ability to provide for flexible accelerated exercisability or vesting of the Award under specific circumstances allows it to provide competitive remuneration package to attract and retain individuals to provide services to our Group. The RSU trustee shall administer the vesting of Awards granted to each grantee pursuant to the vesting period and vesting criteria (if any) determined by the Administrator.
- (2) Upon fulfillment or waiver of the vesting period and vesting criteria (if any) applicable to each of the grantees, a vesting notice will be sent to the grantee by the Administrator, or by the RSU trustee under the authorization and instruction by the Administrator confirming (a) the extent to which the vesting period and vesting criteria have been fulfilled or waived, and (b) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) the grantee will receive, provided that:
 - (a) the Awards shall be vested based on the vesting schedule and vesting criteria (if any) set forth in the grant letter. For avoidance of doubt, if the vesting of any portion of the granted Awards is conditional upon both vesting schedule and performance based vesting criteria (if any), then failure by the grantee to fulfill any of the vesting conditions by their due date will render such portion of the granted Awards unvested and un-exercisable; and

- (b) subject to the occurrence of the events set out in paragraph (t)(2), any portion of the Awards which has already vested pursuant to its applicable vesting schedule and vesting criteria (if any) shall continue to be vested until it is exercised by the relevant grantee of such Awards pursuant to the terms of the Post-IPO RSU Scheme.
- (3) Awards held by a grantee that are vested as evidenced by the vesting notice may be exercised (in whole or in part) by the grantee (or his or her legal personal representative(s) in the case of death or incapacitation) serving an exercise notice in writing on the RSU trustee and copied to our Company.
- (4) In an exercise notice, the grantee (or his or her legal personal representative(s) in the case of death or incapacitation) shall request the RSU trustee to, and the Administrator shall direct and procure the RSU trustee to within five (5) business days, transfer the Shares underlying the Awards exercised (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the grantee which our Company has allotted and issued to the RSU trustee as fully paid up Shares or which the RSU trustee has either acquired by purchasing existing Shares or by receiving existing Shares from any Shareholder or our Company (in the case where the treasury shares are used to fund the Awards), subject to the grantee (or his or her legal personal representative(s) in the case of death or incapacitation) paying the exercise price (where applicable) and all tax, stamp duty, levies and charges applicable to such transfer to the RSU trustee or as the RSU trustee directs.
- (5) The grantee shall serve the exercise notice within three (3) months after receiving the vesting notice, provided that in the event that the grantee ceases to be an eligible person (as the case may be) by reason of death or incapacitation (provided that none of the events which would be a ground for termination of his or her employment under paragraph (t)(2) prior to his or her death or incapacitation), the legal personal representative(s) of this grantee shall be entitled within a period of three (3) months from the date of death or incapacitation (or such longer period as the Administrator may determine) to exercise the Awards in whole or in part (to the extent which have become vested and exercisable and not already exercised prior to such date of death or incapacitation). The RSU trustee will not hold the Shares underlying the Awards vested for the grantee after this three (3) months period. If the exercise notice is not served during this three (3) months period or the Shares underlying the Awards exercised cannot be transferred to the grantee (or his or her legal personal representative(s) in the case of death or incapacitation) pursuant to paragraph (r)(4) due to the grantee (or his or her legal personal representative(s) in the case of death or incapacitation) not being able to provide sufficient information to effect the transfer, the Awards vested or exercised (as the case may be) shall lapse unless otherwise agreed by the Administrator at its absolute discretion.
- (6) Notwithstanding anything herein to the contrary, an Award may not be exercised unless such exercise (including, without limitation, the method of payment of exercise price, where applicable, for such Shares) is in compliance with all applicable laws (including, without limitation, the Listing Rules), as they are in effect on the date of exercise. No Shares shall be transferred to the grantee (or his or her legal personal representative(s) in the case of death or incapacitation) pursuant to the exercise of an Award unless such transfer and such exercise comply with all applicable laws (including, without limitation, the Listing Rules).

(s) *Acceleration of vesting*

The Administrator has the sole discretion to determine, at any time, to accelerate the vesting of any Award granted to any grantee for various considerations as set out below.

(i) *Rights on a takeover*

In the event a general offer by way of takeover, merger or otherwise in a like manner (other than by way of scheme of arrangement set out as below) is made to all the shareholders of our Company (or shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and the general offer to acquire the Shares is approved and the offer becomes or is declared unconditional in all respects prior to the vesting, the Award(s) of the grantee will vest immediately to the extent specified in a notice given by our Company.

(ii) *Rights on a scheme of arrangement*

In the event a general offer for Shares by way of scheme of arrangement is made by any person to all the shareholders of our Company and has been approved by the necessary number of shareholders at the requisite meetings prior to the vesting, the Awards of the grantee will vest immediately to the extent specified in a notice given by our Company.

(iii) *Rights on a compromise or arrangement*

If a compromise or arrangement between our Company and its shareholders or creditors is proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies and a notice is given by our Company to its shareholders to convene a general meeting to consider and if thought fit approve such compromise or arrangement prior to the vesting, the Awards of the grantee will vest immediately to the extent specified in a notice given by our Company.

(iv) *Rights on a voluntary winding-up*

In the event that an effective resolution is passed during the Post-IPO RSU Scheme Period for voluntarily winding-up of our Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement as set out above), prior to the vesting, the Awards of the grantee will vest immediately to the extent specified in a notice given by our Company provided that all unexercised Awards must be exercised and effected by no later than one business day before the day of the proposed general meeting to be convened for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company (or to pass written resolutions of the shareholders to the same effect).

(t) *Lapse of Awards*

(1) If at any time, a grantee:

- (i) ceases to be an eligible person (as the case may be) by reason of death or incapacitation;
- (ii) ceases to be an Eligible Person by reason of (1) non-renewal of his or her employment contract (including post-retirement employment) upon expiry, (2) voluntary resignation, (3) retirement without post-retirement employment, (4) layoff, or (5) discontinuance of relevant business segment or other internal reorganization;

- (iii) ceases to be a Director upon rotation; or
 - (iv) makes any attempt or takes any action to sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favor of any other person over or in relation to any Awards or any interests or benefits pursuant to the Awards, then any unvested Award will automatically lapse immediately, PROVIDED THAT none of the events set out under paragraph (t)(2) below.
- (2) If at any time, a grantee (i) has been guilty of serious misconduct or has found to have seriously breached the terms of employment or services during his or her employment or services (regardless of whether such employment contract or services has already been terminated), including without limitation, violation of our Company's rules and policies, or (ii) has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or (iii) has been convicted of any criminal offense involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at law or pursuant to any applicable laws or under the grantee's service contract with our Group, or (iv) has breached any non-compete and/or non-solicitation obligations, or has committed other misconducts which seriously damage the interests, image or reputation of our Company, or (v) has breached any confidentiality agreement or invention assignment agreement between such grantee and our Company (or any affiliate of our Company) or unauthorized use or disclosure of any proprietary information or trade secrets of our Company or any other party to whom such grantee owes an obligation of nondisclosure as a result of his or her relationship with our Company; then all unvested Awards and vested but unexercised Awards shall automatically lapse and such grantee shall have no claim whatsoever in respect of the Awards or the underlying Shares.

(u) Cancellation of RSUs

The Administrator may at its sole discretion cancel any RSU that has not vested or lapsed, provided that:

- (i) our Company or its appointees pay to the grantee an amount equal to the fair value of the Shares underlying the Awards at the date of the cancellation as determined by the Administrator, after consultation with its auditors or an independent financial adviser appointed by the Administrator;
- (ii) our Company or its appointees provides to the grantee a replacement RSU of equivalent value to the RSU to be canceled; or
- (iii) the Administrator makes any arrangement as the grantee may agree in order to compensate him for the cancellation of the RSU.

Cancelled Awards will be regarded as utilized for the purpose of calculating the Mandatory Scheme Limit.

(v) Reorganization of Capital Structure

In the event of any alteration in the capital structure of our Company, such as capitalization issue, bonus issue, rights issue, consolidation, sub-division and reduction of the share capital of our Company, subject to other provisions of the Post-IPO RSU Scheme, the Administrator shall make equitable adjustments that it considers appropriate in accordance with the guidance the Stock Exchange issued from time to time as the auditors or the independent financial adviser of our Company retained for retained for such purpose shall certify in writing to the Administrator to be in their opinion fair and reasonable.

No alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to give the advantage of grantees without specific prior approval of the Shareholders. No adjustment will be required in circumstances where there is an issue of Shares or other securities of our Group as consideration in a transaction.

The capacity of the auditors or the independent financial adviser (as the case may be) is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or the independent financial adviser (as the case may be) shall be borne by our Company.

(w) Amendment

The terms of the Post-IPO RSU Scheme may be altered, amended or waived in any respect by the Board provided that such alteration, amendment or waiver shall not affect any subsisting rights of any grantee thereunder, and provisions of this scheme relating to certain terms listed in the Listing Rules shall not be altered to the advantage of the grantees. No changes to the authority of our Board or the Administrator in relation to any alteration of the terms of this scheme shall be made, without the prior approval of the Shareholders. Any alternation, amendment or waiver to the Post-IPO RSU Scheme of a material nature shall be approved by the shareholders of our Company. This Scheme so altered must comply with the applicable provisions of the Listing Rules. The Board shall have the right to determine whether any proposed alteration, amendment or waiver is material and such determination shall be conclusive.

Subject to compliance with the Listing Rules, any change to the terms of the awards granted to a grantee must be approved by our Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders, as the case may be, if the initial grant of the awards was approved by our Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders, as the case may be. This requirement does not apply to the alterations take effect automatically under the existing terms of this scheme. This scheme so altered must comply with the applicable provisions of the Listing Rules.

(x) Termination

The Post-IPO RSU Scheme may be terminated at any time prior to the expiry of the Post-IPO RSU Scheme Period by the Board provided that such termination shall not affect any subsisting rights of any grantee thereunder. For the avoidance of doubt, no further Awards shall be granted after the Post-IPO RSU Scheme is terminated but in all other respects the provisions of the Post-IPO RSU Scheme shall remain in full force and effect. No further RSUs shall be granted after such termination; however, all Awards granted prior to such termination and not vested on the date of termination shall remain valid. In such event, the Administrator shall notify the RSU trustee and all grantees of such termination and how the Shares held by the RSU trustee on trust and other interests or benefits in relation to the outstanding RSUs shall be dealt with.

E. OTHER INFORMATION**1. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, save as disclosed in the “Business” and “Risk Factors” sections in this prospectus, no member of our Group was engaged in any litigation, arbitration or claim pending, or, to the best knowledge of our Directors, threatened against us or any of our Directors that would have a material adverse effect on our business, results of operations or financial condition.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), and the Shares to be issued pursuant to the Share Incentive Schemes. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The aggregate fees payable by our Company to the Joint Sponsors are US\$1 million. As of the Latest Practicable Date, US\$1 million was still payable by the Company to the Joint Sponsors.

4. No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2023 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

5. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualification</u>
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (Advising on Futures Contracts) and Type 6 (advising on Corporate Finance) regulated activities under the SFO
Haitong International Capital Limited	Licensed corporation to conduct Type 6 (advising on corporate finance) regulated activities under the SFO
Nomura International (Hong Kong) Limited	Licensed corporation under the SFO permitted to carry out type 1 (Dealing in Securities), type 2 (Dealings in Futures Contracts), type 4 (Advising on Securities), type 5 (Advising on Futures Contracts) and type 6 (Advising on Corporate Finance) regulated activities (as defined under the SFO)

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50) Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588)
Han Kun Law Offices	Legal advisors as to PRC laws
Maples and Calder (Hong Kong) LLP	Legal advisors as to Cayman Islands laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Commerce & Finance Law Offices	Legal advisors as to PRC laws with respect to litigations

6. Consents of Experts

Each of the experts as referred to in “—E. Other Information—5. Qualification of Experts” in this Appendix has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or opinion (as the case may be) and references to their names included in the form and context in which they respectively appear.

Save in connection with the Underwriting Agreements, none of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

7. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

8. Preliminary Expenses

The preliminary expenses incurred by our Company were RMB20,000 and were payable by us.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Miscellaneous

- (a) Save as disclosed in the “History and Corporate Structure” section in this prospectus, within the two years immediately preceding the date of this prospectus, neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
- (d) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commission to underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;
- (e) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (f) no equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing or permission to deal being or proposed to be sought;
- (g) there is no arrangement under which future dividends are waived or agreed to be waived;
- (h) our Directors confirm that there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus; and
- (i) our Directors confirm that our Company has no outstanding convertible debt securities or debentures.

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE ON DISPLAY**

**1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG
KONG**

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of each of the material contracts referred to in “Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts” in Appendix IV of this prospectus; and
- (b) the written consents referred to in “Statutory and General Information—E. Other Information—6. Consents of Experts” in Appendix IV of this prospectus.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of our Company at www.didachuxing.com and on the website of the Stock Exchange at www.hkexnews.hk up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association;
- (b) the Accountants’ Report in respect of the historical financial information of our Group for the three years ended December 31, 2023 and the report on the unaudited pro forma financial information prepared by Deloitte Touche Tohmatsu, the texts of which are set out in Appendices I and II, respectively;
- (c) the audited consolidated financial statements of our Company for the three years ended December 31, 2023;
- (d) the legal opinions issued by Han Kun Law Offices, our PRC legal advisors, in respect of certain aspects of our Group and the property interests of our Group;
- (e) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our Cayman legal advisors, in respect of certain aspects of the Cayman Companies Act referred to in Appendix III to this prospectus;
- (f) the material contracts referred to in “Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts” in Appendix IV of this prospectus;
- (g) the written consents referred to in “Statutory and General Information—E. Other Information—6. Consents of Experts” in Appendix IV of this prospectus;
- (h) service contracts and letters of appointment referred to in “Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—2. Directors’ Service Contracts and Letters of Appointment” in Appendix IV of this prospectus;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE ON DISPLAY**

- (i) the rules of the Share Incentive Schemes;
- (j) the Cayman Companies Act;
- (k) the F&S Report; and
- (l) the legal opinions issued by Commerce & Finance Law Offices, our PRC litigation legal advisors, in respect of certain aspects of certain IP litigations involving our Group.

3. DOCUMENT AVAILABLE FOR INSPECTION

A copy of a list of grantees under the Pre-IPO Share Incentive Schemes, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provision) Ordinance, will be available for inspection at the office of Wilson Sonsini Goodrich and Rosati, Suite 1509, 15/F, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus.

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