
SUMMARY

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

OVERVIEW

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

- we ranked first in China’s cloud financial and tax-related transaction digitalization market in 2023 in terms of revenue, representing a market share of 7.1%, and second in China’s financial and tax-related transaction digitalization market in 2023 in terms of revenue, representing a market share of 4.9%¹;
- we ranked first among financial and tax-related transaction digitalization solution providers in China, with approximately 0.7 billion invoice processing requests fulfilled through our cloud solutions in 2023;
- we ranked second among financial and tax-related transaction digitalization solution providers in China, with approximately 2.6 billion VAT invoices issued through our cloud solutions in 2023; and
- we ranked second in China’s transaction-based big data analytics for SMB financing market in 2023 in terms of revenue, representing a market share of 6.4%².

(1) The market size of China’s financial and tax-related transaction digitalization market, as a percentage of the total transaction digitalization market in China in terms of revenue, was 4.0% and 3.4% in 2019 and 2023, respectively, and is expected to increase to 8.7% in 2028. The market size of China’s financial and tax-related transaction digitalization market, as a percentage of the total enterprise digitalization market in China in terms of revenue, remained relatively stable at 1.0% and 0.9% in 2019 and 2023, respectively, and is expected to increase to 2.6% in 2028.

(2) The market size of China’s transaction-based big data analytics for SMB financing market, as a percentage of the total big data analytics for SMB financing market in China in terms of revenue, remained relatively stable at 20.5% in 2019 and 19.5% in 2023, and is expected to increase to 24.1% in 2028.

SUMMARY

Since our inception, we have strategically leveraged information security and compliance technologies, which we believe are an indispensable component of the digital transaction infrastructure, to facilitate the digitalized processing and circulation of transaction documents. We have launched a suite of digitalization solutions covering the key processes of enterprise transactions, from procurement, billing, invoicing, to automated management of account receivables and payables and tax filings. As we continue to provide financial & tax digitalization solutions and with proper authorization from customers and users, we have access to a massive volume of transaction documents and data, including 14.3 billion transaction documents processed by us, covering business activities of 101.9 million enterprises, as of December 31, 2023.

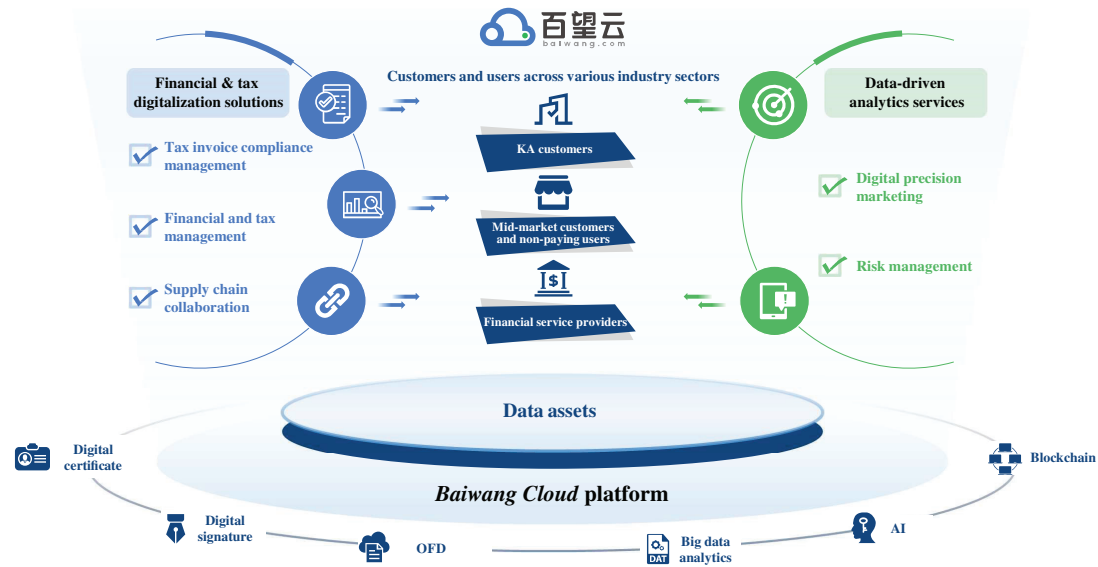
We have attracted a large base of KA customers, including some of the largest commercial banks, insurance companies, internet giants, and other industry-leading corporate conglomerates in China. The industry know-how and reputation accumulated through serving these KA customers have allowed us to attract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

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

Our Business Model

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

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Solutions	Products and Services	Key Functions and Features	Principal Customers/Users	Pricing
Cloud financial & tax digitalization solutions (雲化財稅數字化解決方案)	Tax invoice compliance management solutions (票據合規管理解決方案)	Enable customers to digitalize the process of, among others, tax invoice issuance, delivery and compliance	Enterprises of all sizes across various industry sectors	<ul style="list-style-type: none"> • Annual subscription fees; • Usage-based fees; • Sales-based fees; and • Solution delivery fees
	Financial and tax management solutions (財稅管理解決方案)	Enable customers to record, store and verify tax invoices received by them, streamline accounting document archiving and complete tax filing		
	Supply chain collaboration solutions (供應鏈協同解決方案)	Enable customers to automate account payment and settlement with their business partners		
Data-driven analytics services (數據驅動的 分析服務)	Digital precision marketing services (精準數字營銷服務)	Recommend financial products launched by financial service providers to potential product users	Financial service providers and licensed credit reporting agencies	<ul style="list-style-type: none"> • Sales-based fees • Annual subscription fees; • Usage-based fees; and • Project-based fees
	Risk management services (風險管理服務)	(1) Enable customers to understand business performance and operation status of potential and existing users based on their tax invoice and transaction records		

SUMMARY

Solutions	Products and Services	Key Functions and Features	Principal Customers/Users	Pricing
		(2) Recommend potential users of financial products to financial service providers		
		(3) Optimize customers' risk control modeling and risk management measures		
On-premises financial & tax digitalization solutions (本地部署財稅數字化解決方案)		(1) Centralize and automate tax invoice compliance and tax management with on-premises application	Large enterprises and corporate conglomerates	<ul style="list-style-type: none"> • Software license fees; • Implementation fees; • Annual maintenance fees; and • Hardware equipment fees
		(2) Collect and store structured data for enterprise expenditure and related tax invoices locally in a centralized data base		
		(3) Automate transaction record collection and logging and store electronic accounting archive locally		

Our Financial & Tax Digitalization Solutions

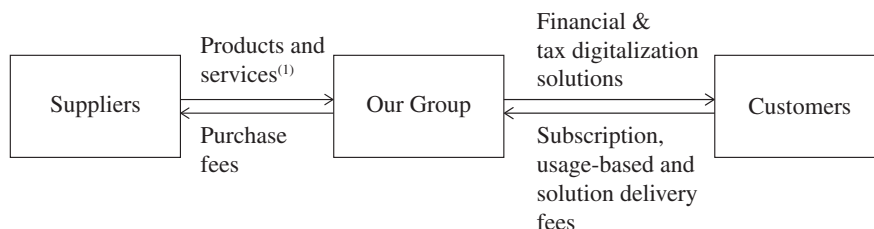
Tax invoice compliance management solutions (票據合規管理解決方案). Our tax invoice compliance management solutions enable enterprise customers to digitalize the full-cycle tax invoice management, from issuance, circulation, analysis to archiving, to help enterprises improve their operational efficiency, cost-saving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

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Financial and tax management solutions (財稅管理解決方案). Our financial and tax management solutions streamline, digitalize and automate enterprise spending and tax management processes, including tax invoice collection, verification and certification, expenditure management, electronic accounting archiving and tax filing, which enable enterprises to gain greater control of spending, achieve cost savings, optimize tax management and improve management efficiency. We generally charge annual subscription fee, usage-based fee and solution delivery fees for our financial and tax management solutions. The number of invoice processing requests fulfilled through our cloud solutions in 2023 was approximately 0.7 billion, and the transaction amount underlying the invoices processed was approximately RMB78.5 trillion.

Supply chain collaboration solutions (供應鏈協同解決方案). Our supply chain collaboration solutions connect enterprises with their business partners along the supply chains, automate account payment management process and streamline settlement collaboration among transaction parties. We generally charge sales-based fees and solution delivery fees for our supply chain collaboration solutions. As of December 31, 2023, transactions with an aggregated amount of approximately RMB117.7 billion had been processed with our supply chain collaboration solutions.

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



(1) Primarily include hardware and IT services.

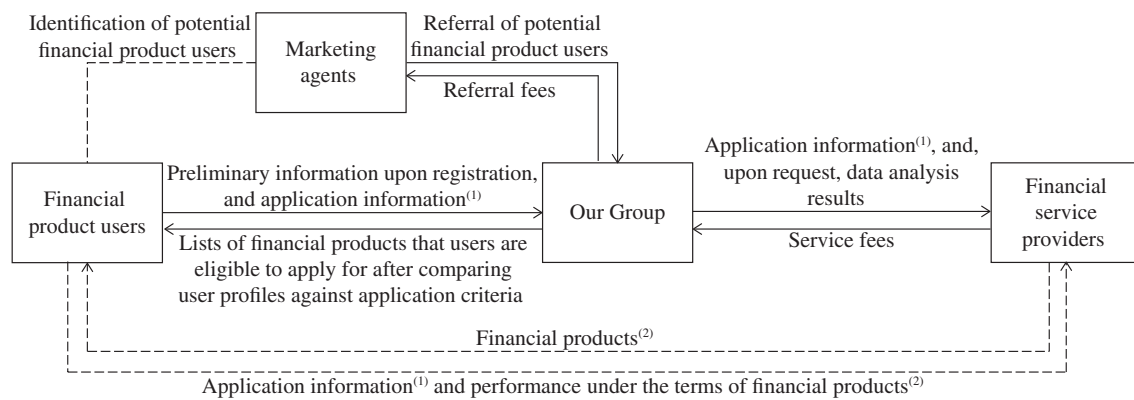
Our Data-driven Analytics Services

Digital precision marketing services (數字精準營銷服務). Our digital precision marketing services connect eligible potential users with suitable financial products and empower financial service providers to effectively identify, access and acquire users of financial products. In provision of our digital precision marketing services, we engage marketing agents to identify potential product users and facilitate such potential users to register on our platform and fill in financial product applications. We generally charge sales-based fees for our digital precision marketing services. During the Track Record Period, nearly all of our revenue from digital precision marketing services was attributable to fees charged to financial service providers for sales of financial products facilitated by us to users referred by our marketing agents.

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Risk management services (風險管理服務). Our risk management services primarily comprise enterprise operation reporting services, user analytics services, risk analytics services and procurement optimization services. Our enterprise operation reporting services enable financial service providers to develop comprehensive and meaningful understanding of relevant enterprises’ operational performance and financial well-being as reflected in their digital transaction documents. Our user analytics services identify potential users of financial products based on our analysis of their transaction data, and facilitate the user acquisition by financial service providers. Our risk analytics services devise and configure risk management system for financial service providers, and enable them to optimize their risk control strategies and enhance their ability to independently monitor, detect and manage risks. Our procurement optimization services compute average merchandise prices with our big data algorithm and serve as market price references for our customers and empower better procurement decisions and cost savings. We generally charge annual subscription fees, usage-based fees and project-based fees for our risk management services.

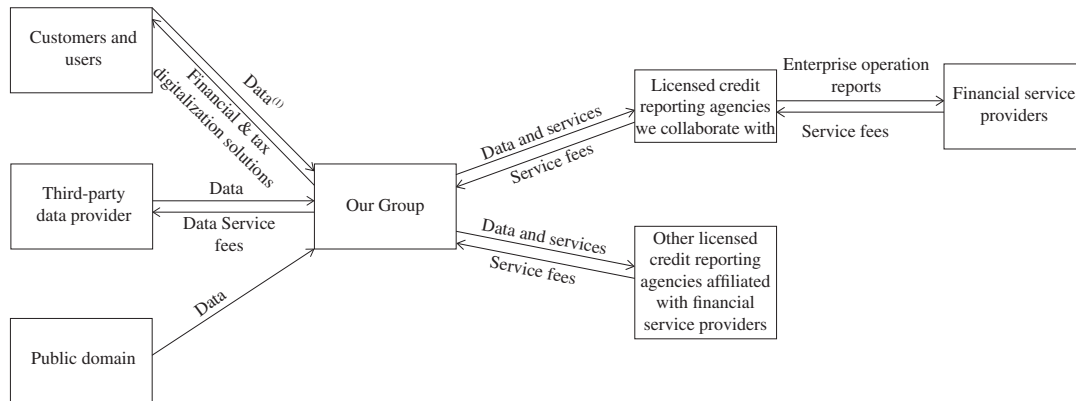
The following diagram illustrates the data, transaction and fund flows for our digital precision marketing services.



- (1) We generally redirect potential financial product users to the application page of the relevant financial service providers to complete and submit application information. To a lesser extent, if potential financial product users need to submit their application information through us, we transmit application information to credit reporting agencies that we collaborate with or credit reporting agencies affiliated with financial service providers, which will then transmit such application information to the relevant financial service providers.
- (2) We do not participate in the decision-making process of financial product applications or the subsequent performance under the terms of relevant financial products, which are solely the responsibilities of financial service providers.

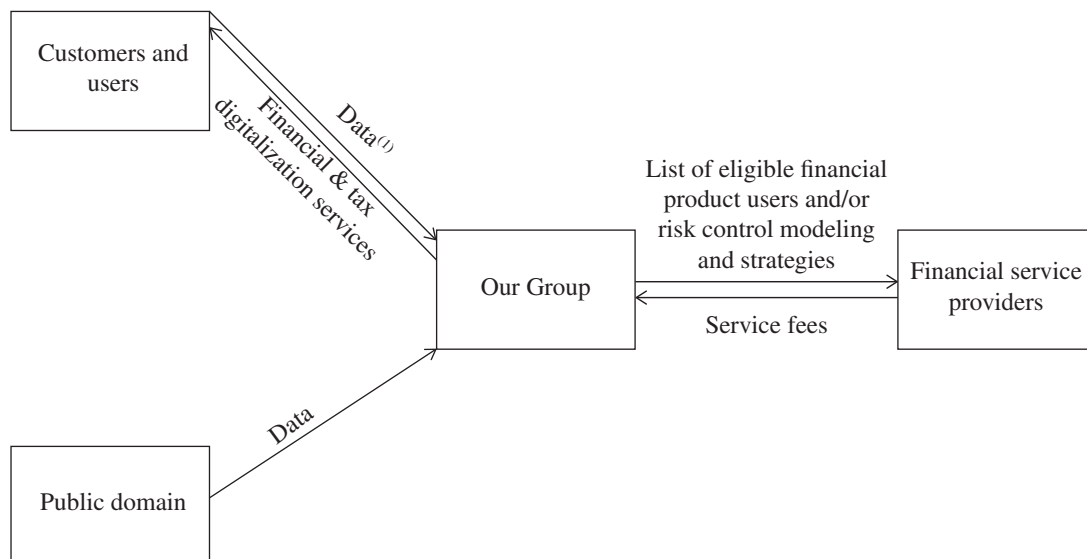
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The following diagram illustrates the data, transaction and fund flows for our enterprise operation reporting services.



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

The following diagram illustrates the data, transaction and fund flows for our user analytics and risk analytics services.



- (1) We obtain consent from our customers and users prior to using their data and financial and tax information for our data-driven analytics services.

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Our Key Operating Data

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

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

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

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

Under our cloud financial & tax digitalization solutions, the numbers of KA customers and mid-market customers generally increased during the Track Record Period, primarily due to the increase in customer demands for our solutions. The decrease in average revenue per customer for our cloud financial & tax digitalization solutions from RMB12.7 thousand in 2021 to RMB10.4 thousand in 2023 was primarily because there was a decrease in overall enterprise budget allocated for financial & tax digitalization solutions primarily among KA customers. Moreover, the digital invoice reform brought about an increase in the number of market participants in the financial and tax digitalization market, and the intensified market competition has caused a decrease in average price charged for financial and tax digitalization solutions. Our dollar-based retention rate for KA customers decreased in 2022, primarily due to delay in project delivery and the decrease in demand from KA customers, both as a result of the adverse impact of the COVID-19 pandemic. The dollar-based retention rate for KA customers increased significantly in 2023, primarily due to the increase in completion of project delivery after the pandemic. Our dollar-based retention rate for mid-market customers remained relatively stable at 90.2%, 96.5% and 91.1% in 2021, 2022 and 2023, respectively, and was lower than 100% during the Track Record Period, because we strategically lowered our solution pricing to incentivize customer purchases. Dollar-based retention rate for cloud financial & tax digitalization solutions decreased in 2022, primarily due to the adverse impact of the COVID-19 pandemic. Dollar-based retention rate for cloud financial & tax digitalization solutions increased in 2023, primarily due to the increase in customer demands for our solutions as our customers gradually recovered from the adverse impact of the COVID-19 pandemic. The conversion rate for non-paying users remained relatively stable at 0.05% and 0.07% in 2021 and 2022, respectively, and increased significantly to 2.8% in 2023, primarily due to our expanded marketing efforts, especially with the assistance with our business collaborators, that converted non-paying user accounts as measured by the number of tax identification numbers.

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The number of customers for our data-driven analytics services generally increased during the Track Record Period, which was generally in line with our business growth in offering data-driven analytics services. Average price charged for each enterprise included in the enterprise operating reports generally decreased during the Track Record Period, primarily because we granted more favorable subscription and usage-based packages to customers to incentivize them to use our services. The value of financial product sales facilitated by us in connection with digital precision marketing services significantly increased during the Track Record Period, primarily due to our broadened access to potential financial product users as a result of our collaboration with marketing agents and the increase in SMB financing needs. The number of retained customers for data-driven analytics services increased from 58 in 2021 to 75 in 2022, and decreased to 68 in 2023, with the decrease primarily related to our risk management services. Dollar-based retention rate for data-driven analytics services decreased during the Track Record Period, primarily due to the slowed growth rate of our digital precision marketing services from 2021 to 2023. The number of viewing requests fulfilled for enterprise operation reports decreased from 15.5 million in 2021 to 13.0 million in 2022, primarily because certain project for a customer in 2021 resulted in a substantial number of viewing requests for our enterprise operations reports.

For our on-premises financial & tax digitalization solutions, the number of customers increased from 917 in 2021 to 1,309 in 2022, and further to 2,051 in 2023, primarily due to our efforts to expand our customer base from corporate conglomerates to more large and mid-sized enterprises, which also contributed to the general decrease in average revenue per customer during the Track Record Period. Dollar-based retention rate for on-premises financial & tax digitalization solutions decreased in 2022, primarily due to the adverse impact of the COVID-19 pandemic. Dollar-based retention rate for on-premises financial & tax digitalization solutions increased in 2023, primarily due to the increase in customer demands for our solutions as our customers gradually recovered from the adverse impact of the COVID-19 pandemic.

See “Business—Our Key Operating Data” for details on the fluctuation of our operating results during the Track Record Period.

Our Financial Track Record

We experienced significant growth during the Track Record Period. In 2021, 2022 and 2023, our total revenue was RMB453.8 million, RMB525.8 million and RMB713.0 million, respectively. Our gross profit was RMB216.2 million, RMB214.3 million and RMB282.0 million in 2021, 2022 and 2023, respectively. We recorded net loss of RMB448.4 million, RMB156.2 million and RMB359.3 million in 2021, 2022 and 2023, respectively. We recorded adjusted net loss (non-IFRS measure) of RMB16.7 million, RMB70.3 million and RMB83.4 million in 2021, 2022 and 2023, respectively. See “Financial Information—Consolidated Statements of Profit or Loss and Other Comprehensive Income—Non-IFRS Measure” for details.

COMPETITIVE STRENGTHS

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

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GROWTH STRATEGIES

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

RISKS AND CHALLENGES

Our business and the [REDACTED] involve certain risks, which are set out in the section headed “Risk Factors” in this document, including but not limited to: (1) our limited history in our solution offerings and evolving business portfolio make it difficult to evaluate our prospects and the risks and challenges we face, and our historical growth is not indicative of our future performance; (2) the PRC regulatory framework for data security and personal information protection is rapidly evolving, and we could face challenges in our continued compliance with heightened regulatory scrutiny; (3) our business is subject to complex and evolving laws and regulations, many of which are relatively new and could result in changes to our business practices; (4) we had net loss, net liabilities, net current liabilities and net cash used in operating activities during the Track Record Period, and may continue to incur net loss, net liabilities, net current liabilities and net cash used in operating activities in the foreseeable future, which can expose us to liquidity risks; (5) if we fail to improve and customize our solutions and services to suit our customers’ evolving needs and adapt to changes in relevant tax and invoice laws, we may lose our customers, which, in turn, will have a material adverse effect on our business, financial condition and results of operations; (6) our success depends on the growth in market acceptance for our various solutions and services; (7) if the industries in which we operate develop more slowly than we expect, or even stagnates or shrinks, it could have a material adverse effect on our business, financial condition and results of operations; and (8) certain customers for our project-based services may cease to be our customers once the projects were delivered.

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

OUR CUSTOMERS AND SUPPLIERS

Since our inception, we have accumulated a large and diversified enterprise customer base with our product and service offerings. For each year during the Track Record Period, revenue generated from our largest customer in 2021, 2022 and 2023 accounted for 6.5%, 18.0% and 15.1%, respectively, of our total revenue in the same periods. For each year during the Track Record Period, revenue generated from our five largest customers in 2021, 2022 and 2023 accounted for 21.6%, 34.5% and 35.4%, respectively, of our total revenue in the same periods. See “Business—Our Customers” for details.

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Our suppliers primarily include hardware and software providers, outsourcing service providers, business collaborators, marketing agents and data providers. We select our suppliers based on the quality of their products and services, their operation scale, qualifications, prices and our business needs. For each year during the Track Record Period, purchases from our top five suppliers accounted for 27.5%, 41.4% and 33.7% of our total purchases in 2021, 2022 and 2023, respectively. For each year during the Track Record Period, purchases from our largest supplier accounted for 8.5%, 21.9% and 12.2% of our total purchases in the same periods, respectively. See “Business—Our Suppliers” for details.

SUMMARY HISTORICAL FINANCIAL INFORMATION

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

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

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

	Year ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)					
Revenue	453,763	100.0	525,765	100.0	712,996	100.0
Cost of sales	(237,600)	(52.4)	(311,475)	(59.2)	(430,965)	(60.4)
Gross profit	216,163	47.6	214,290	40.8	282,031	39.6
Operating loss	(198,148)	(43.7)	(112,350)	(21.4)	(305,106)	(42.8)
Loss before tax	(448,373)	(98.8)	(156,025)	(29.7)	(359,174)	(50.4)
Income tax expenses	—	—	(199)	(0.0)	(116)	(0.0)
Loss and total comprehensive expense for the year	<u>(448,373)</u>	<u>(98.8)</u>	<u>(156,224)</u>	<u>(29.7)</u>	<u>(359,290)</u>	<u>(50.4)</u>
Loss and total comprehensive expense for the year attributable to						
– Owners of the Company	(446,938)	(98.5)	(153,501)	(29.2)	(357,980)	(50.2)
– Non-controlling interests	<u>(1,435)</u>	<u>(0.3)</u>	<u>(2,723)</u>	<u>(0.5)</u>	<u>(1,310)</u>	<u>(0.2)</u>

SUMMARY

Non-IFRS Measure

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

We define adjusted net loss (non-IFRS measure) as net loss for the year, adjusted by adding share-based payment expenses, [REDACTED], and fair value changes of financial liabilities at FVTPL relating to shares with preferential rights issued by us, which are non-cash in nature. Share-based payments are non-cash expenses arising from granting share economic rights in our share incentive platforms to senior management and employees. [REDACTED] were incurred in connection with the [REDACTED]. Fair value changes of financial liabilities at FVTPL represent fair value changes relating to shares with preferential rights issued by us. We do not expect to record any fair value changes in such instruments following the completion of the [REDACTED]. See Note 33 to the Accountants’ Report in Appendix I to this document for details.

The following table reconciles our adjusted net loss (non-IFRS measure) for the periods presented:

	Year ended December 31,		
	2021	2022	2023
	(RMB in thousands)		
Reconciliation of net loss to adjusted net loss (non-IFRS measure):			
Loss for the year	(448,373)	(156,224)	(359,290)
Add			
Share-based payment expenses	161,418	10,469	191,064
[REDACTED]	6,366	16,307	24,107
Fair value changes of financial liabilities at FVTPL			
– shares with preferential rights	263,850	59,153	60,707
Adjusted net loss (non-IFRS measure)	(16,739)	(70,295)	(83,412)

SUMMARY

Our adjusted net loss (non-IFRS measure) increased from RMB16.7 million in 2021 to RMB70.3 million in 2022, primarily due to the increase in our operating expenses (net of the effect of share-based payment expenses), especially our research and development expenses and administrative expenses. Our adjusted net loss (non-IFRS measure) further increased to RMB83.4 million in 2023, primarily due to the increase in our operating expenses (net of the effect of share-based payment expenses) as a result of the increase in our staff costs, driven by the increase in our employee headcount. See “Financial Information—Consolidated Statements of Profit or Loss and Other Comprehensive Income—Non-IFRS Measure” for details.

We experienced rapid revenue growth during the Track Record Period, which was primarily driven by the growth of our data-driven analytics services. From 2021 to 2023, our gross profit generally increased in line with our revenue and business growth. Our referral fees increased substantially during the Track Record Period, primarily due to the expansion of the business scale of our digital precision marketing services. Our gross profit margin decreased from 47.6% in 2021 to 40.8% in 2022, primarily due to the decrease in gross profit margin for our digital precision marketing services, as the growth of referral fees in 2022 in connection with our marketing agents outpaced that of revenue in the same period. Our gross profit margin decreased from 40.8% in 2022 to 39.6% in 2023, primarily because the increase in our cost of sales outpaced our revenue growth, especially our staff costs, cloud service fees and share-based payment expenses. We incurred accumulated net loss during the Track Record Period, primarily due to substantial cost and expenses incurred in growing our business, including (1) referral fees to strengthen our service capabilities for our digital precision marketing services, (2) staff costs to recruit and retain skilled personnel and (3) research and development expenses to enhance our R&D capability and improve solution functionality.

Revenue

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

	Year ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
(RMB in thousands except for percentages)						
Cloud financial & tax						
digitalization solutions	156,615	34.5	157,996	30.1	219,539	30.8
Data-driven analytics services	178,597	39.4	263,519	50.1	352,425	49.4
— <i>Digital precision</i>						
<i>marketing services</i>	94,603	20.9	170,229	32.4	210,187	29.5
— <i>Risk management services</i>	83,994	18.5	93,290	17.7	142,238	19.9
On-premises financial & tax						
digitalization solutions	110,168	24.3	93,491	17.8	138,132	19.4
Others ⁽¹⁾	8,383	1.8	10,759	2.0	2,900	0.4
Total	453,763	100.0	525,765	100.0	712,996	100.0

(1) Includes primarily advertisement publishing services.

SUMMARY

Gross Profit and Gross Profit Margin

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

	Year ended December 31,					
	2021		2022		2023	
	Gross profit	Gross Profit Margin (%)	Gross profit	Gross Profit Margin (%)	Gross profit	Gross Profit Margin (%)
	(RMB in thousands except for percentages)					
Cloud financial & tax digitalization solutions	82,301	52.5	87,251	55.2	119,995	54.7
Data-driven analytics services	90,820	50.9	88,363	33.5	124,587	35.4
— <i>Digital precision</i>						
<i>marketing services</i>	29,073	30.7	14,377	8.4	14,742	7.0
— <i>Risk management services</i>	61,747	73.5	73,986	79.3	109,845	77.2
On-premises financial & tax digitalization solutions	35,738	32.4	30,593	32.7	37,133	26.9
Others	7,304	87.1	8,083	75.1	316	10.9
Total	216,163	47.6	214,290	40.8	282,031	39.6

Share-based Payment Expenses

During the Track Record Period, we granted share economic rights in our share incentive platforms to our senior management and employees, and we incurred substantial share-based payment expenses of RMB161.4 million, RMB10.5 million and RMB191.1 million in 2021, 2022 and 2023, respectively, accounting for 35.6%, 2.0% and 26.8% of our total revenue in the same periods, respectively. Our share-based payment expenses contributed to our net loss position during the Track Record Period. The following table sets forth a breakdown of our share-based payment expenses by categorization in our consolidated statements of profit and loss and other comprehensive income, both in absolute amount and as a percentage of total share-based payments, for the periods indicated.

	Year ended December 31,					
	2021		2022		2023	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands except for percentages)					
Cost of sales	18,719	11.6	2,031	19.4	13,297	7.0
Research and development expenses	14,428	8.9	4,775	45.6	30,322	15.9
Administrative expenses	82,744	51.3	2,288	21.9	80,234	42.0
Distribution and selling expenses	45,527	28.2	1,375	13.1	67,211	35.1
Total	161,418	100.0	10,469	100.0	191,064	100.0

SUMMARY

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2021	2022	2023
	(RMB in thousands)		
Total non-current assets	303,052	322,308	193,596
Total current assets	1,022,807	938,409	958,273
Total current liabilities	512,078	2,483,842	2,552,173
Net current assets/(liabilities)	510,729	(1,545,433)	(1,593,900)
Total deficits			
Deficits attributable to owners of the Company	(1,086,267)	(1,229,299)	(1,396,215)
Non-controlling interests	(1,435)	(4,158)	(5,468)
Total non-current liabilities	1,901,483	10,332	1,379
Net liabilities	(1,087,702)	(1,233,457)	(1,401,683)

We had net current assets of RMB510.7 million as of December 31, 2021, which was primarily attributable to our cash and cash equivalents, financial assets at FVTPL, trade and other receivables, and short-term bank deposits with maturity over three months, partially offset by financial liabilities at FVTPL, contract liabilities and trade and other payables.

Our net current liabilities remained relatively stable at RMB1,545.4 million and RMB1,593.9 million as of December 31, 2022 and 2023, respectively, primarily due to the reclassification of financial liabilities at FVTPL in connection with our shares with preferential rights from non-current to current liabilities.

Our net liabilities increased from RMB1,087.7 million as of December 31, 2021 to RMB1,233.5 million as of December 31, 2022, primarily due to the loss and total comprehensive expenses for 2022 of RMB156.2 million. Our net liabilities further increased to RMB1,401.7 million as of December 31, 2023, primarily due to the increase in our accumulated losses, arising from the loss and total comprehensive expenses for 2023 of RMB359.3 million.

SUMMARY

Our shares with preferential rights will be re-designated from liabilities to equity as a result of the automatic conversion into our Shares upon the [REDACTED], resulting in a net asset position. See Note 33 to the Accountants’ Report in Appendix I to this document for details.

Summary of Consolidated Statements of Cash Flows

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

	Year ended December 31,		
	2021	2022	2023
	(RMB in thousands)		
Net cash used in operating activities	(13,989)	(64,276)	(99,330)
Net cash (used in)/from investing activities	(189,776)	(189,804)	216,810
Net cash from/(used in) financing activities	435,669	(13,720)	(19,655)
Net increase/(decrease) in cash and cash equivalents	231,904	(267,800)	97,825
Cash and cash equivalents at the beginning of the year	273,102	505,006	237,206
Cash and cash equivalents at the end of the year	505,006	237,206	335,031

We incurred net operating cash outflow during the Track Record Period. Although our net loss decreased from RMB448.4 million in 2021 to RMB156.2 million in 2022, our net cash used in operating activities increased from RMB14.0 million in 2021 to RMB64.3 million in 2022, primarily due to (1) the decrease in fair value changes of financial assets and liabilities at FVTPL from RMB265.5 million in 2021 to RMB53.5 million in 2022 and (2) the decrease in share-based payment expenses from RMB161.4 million in 2021 to RMB10.5 million in 2022, which was partially offset by the movement in working capital that positively affected our cash position in 2022. Our net cash used in operating activities increased to RMB99.3 million in 2023, primarily due to the increase in net loss.

SUMMARY

KEY FINANCIAL RATIOS

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

	As of/for the year ended December 31,		
	2021	2022	2023
Profitability ratios			
Gross profit margin	47.6%	40.8%	39.6%
Net loss margin	98.8%	29.7%	50.4%
Revenue growth rate	—	15.9%	35.6%
Liquidity ratios			
Current ratio	2.0	0.4	0.4
Trade receivable turnover days	22.0 days	23.1 days	22.8 days
Trade payable turnover days	48.3 days	38.7 days	30.4 days

See “Financial Information—Key Financial Ratios” for details.

SUSTAINABILITY OF OUR BUSINESS

We aim to achieve profitability by (1) leveraging market opportunities and favorable government policies to grow our financial & tax digitalization solutions, (2) retaining existing KA customers and expanding our customer base; (3) increasing cross-sales and up-sales of our solutions and services, (4) improving profit margin of digital precision marketing services, (5) optimizing operations and increasing economies of scale and cost-efficiency; and (6) improving operating cash flow position.

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

As China’s financial and tax-related transaction digitalization market continues to develop, significant market opportunities continue to emerge in the market, especially in light of the implementation of the digital invoice reform. We are well-positioned to seize the upside market potential brought by the digital invoice reform with (1) our first-mover advantage as a service provider for the SAT; (2) technological strength accumulated through prior provision of financial & tax digitalization solutions; and (3) customer resources accumulated through prior solution and service offerings.

As of April 30, 2024, a total of 189 customers had entered into service contract with us for system upgrade and connection to the Direct Connection System with the contract value totaling at approximately RMB106.1 million, of which 84 customers had previously purchased our cloud and on-premises financial & tax digitalization solutions and 105 were new customers who had not previously purchased our cloud or on-premises financial & tax digitalization solutions. We also expect to generate from these customers stable revenue stream of annual

SUMMARY

software subscription fees from our cloud solutions and annual maintenance fees from our on-premises solutions after their systems are connected to the Direct Connection System. As of April 30, 2024, over 3.1 million of our non-paying users had connected to the Web-based System using our upgraded complimentary applications.

Retaining Existing KA Customers and Expanding Our Customer Base

We have implemented and will continue to strengthen our direct sales team with strategic focus on key industries, including the banking and insurance, lifestyle services, retail and manufacturing and logistics industries, and regional sales network in southwestern, central, northwestern and northeastern China.

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

We have been able to expand our customer base and increase their spending on our solutions. User resources from our digital precision marketing services also contributed to growth of our enterprise operation reporting services. Further, with our risk analytics services, we devise and configure online risk management systems for financial service providers based on their risk preferences, and leveraging our risk modelling and analysis capabilities, we deepened collaboration with financial service providers and helped them devise application criteria for their financial products, which were exclusively marketed by us.

Improving Profit Margin of Digital Precision Marketing Services

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

We have deepened collaboration with financial service providers to launch financial products for our exclusive marketing. We have launched an internal system to screen qualified potential financial product users based on transaction and invoice data of such users and utilize telemarketing to reach potential financial product users and promote financial products launched by financial service providers.

Optimizing Operations and Increasing Economies of Scale and Cost-Efficiency

We expect our future costs and operating expenses to decrease as a percentage of our total revenue for the following reasons: (1) strategic front-loading of preparational work for the digital invoice reform, (2) improvement of business collaborator network efficiency and (3) adjustment of recruitment strategy.

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Improving Operating Cash Flow Position

In the future, we expect to improve our net operating cash outflows position by taking advantage of (1) our continuous revenue growth fueled by our growing customer base and expanding product and service offerings, (2) our improved operating leverage as we expect our revenue growth to exceed the increase in expenses gradually, (3) our budget control and optimization of operating expenses, and (4) our improved working capital.

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

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

OUR CONTROLLING SHAREHOLDERS

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

CONNECTED TRANSACTIONS

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

SUMMARY

[REDACTED] INVESTMENTS

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

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

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

[REDACTED]

We expect to incur a total of approximately [REDACTED] ([REDACTED]) of [REDACTED] in connection with the [REDACTED], representing approximately [REDACTED] of the [REDACTED] from the [REDACTED] (assuming an [REDACTED] of [REDACTED], being the mid-point of the [REDACTED] between [REDACTED] and [REDACTED], and assuming that the [REDACTED] is not exercised), including (1) sponsor fees and [REDACTED], SFC transaction levy, [REDACTED], Stock Exchange trading fees, [REDACTED] and AFRC transaction levy for all [REDACTED] of approximately [REDACTED] ([REDACTED]), and (2) non-[REDACTED] expenses of approximately [REDACTED] ([REDACTED]), which consist of (i) fees and expenses of legal advisors and accountants of approximately [REDACTED] ([REDACTED]), and (ii) other fees and expenses of approximately [REDACTED] ([REDACTED]). Approximately [REDACTED] of the [REDACTED] were charged to our consolidated statements of profit or loss during the Track Record Period. Out of our remaining [REDACTED], approximately [REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately [REDACTED] is expected to be deducted from equity. The [REDACTED] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

SUMMARY

[REDACTED] STATISTICS

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

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

- (1) The calculation of [REDACTED] is based on [REDACTED] total issued Shares immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) The [REDACTED] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company per Share as of December 31, 2023 is calculated after making the adjustments referred to in Appendix II and on the basis of [REDACTED] total issued Shares immediately upon the completion of the [REDACTED] (i.e. [REDACTED] total issued Shares excluding [REDACTED] Shares which carries preferential rights, and assuming the [REDACTED] is not exercised). It does not take into account (i) any Shares which may be allotted and issued upon the exercise of the [REDACTED]; (ii) any Shares which may be issued or repurchased by the Company pursuant to the general mandates or (iii) cessation of the preferential rights of shares with preferential rights.

Upon completion of the [REDACTED], the cessation of the preferential rights of shares with preferential rights would have resulted in a reclassification of such financial liabilities at carrying amount of RMB2,212,629,000 as of December 31, 2023 (the “Shares Reclassification”) assuming no further changes in fair values of shares with preferential rights existing on December 31, 2023 upon [REDACTED], to ordinary shares under equity.

The effect of Shares Reclassification would have increased the total number of Shares in issue of [REDACTED] Shares immediately following the completion of the [REDACTED] by [REDACTED] Shares to a total of [REDACTED] Shares and would have adjusted the [REDACTED] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as of December 31, 2023 by [REDACTED] to [REDACTED] based on an [REDACTED] of [REDACTED] per [REDACTED] and [REDACTED] based on an [REDACTED] of [REDACTED] per [REDACTED]. Had the Shares Reclassification been taken into account, the [REDACTED] adjusted consolidated total tangible assets less liabilities of the Group attributable to owners of the Company as at December 31, 2023 per Share would be [REDACTED] (equivalent to [REDACTED]) based on an [REDACTED] of [REDACTED] per [REDACTED] and [REDACTED] (equivalent to [REDACTED]) based on an [REDACTED] of [REDACTED] per [REDACTED], respectively.

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FUTURE PLANS AND [REDACTED]

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

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

DIVIDEND

According to the PRC Company Law, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous year’s accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reached 50% of its registered capital. We may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisor, we cannot pay dividends if we are in an accumulated loss position. We did not make any dividend distribution during the Track Record Period. As of the Latest Practicable Date, we did not set any pre-determined dividend payout ratio after the [REDACTED]. The payment and amounts of dividends (if any) depend on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividend paid by us, future prospects and other factors which we consider relevant. The declaration, payment and amount of dividends will be subject to the discretion of the Board in accordance with our Articles of Association, pursuant to which an annual profit distribution proposal shall be proposed and approved by the Board and then be submitted to the Shareholders’ general meeting for consideration. We may distribute profits by cash, Shares or a combination of cash and Shares. PRC laws require that dividends be paid only out of net profits calculated according to PRC GAAP. Although the calculation of our distributable profits is in accordance with PRC GAAP or IFRSs, whichever is lower, we do not expect such difference between distributable profits calculated under PRC GAAP and IFRSs to be material or have any substantive impact on any dividend to be declared. PRC laws also require foreign invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries

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may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be determined by our Shareholders.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Operational and Financial Performance

Our net loss fluctuated during the Track Record Period, which decreased from RMB448.4 million in 2021 to RMB156.2 million in 2022, mainly due to the decrease in fair value loss of financial liabilities at FVTPL, and increased to RMB359.3 million in 2023, primarily driven by the increases in our share-based payment expenses and staff costs. Subsequent to the Track Record Period and up to the date of this document, there was no material adverse change with respect to our business operations in all material respects, although we expect to continue to incur net loss and net operating cash outflow in 2024, primarily because we expect to continue to incur (1) substantial costs and expenses, in particular with respect to our project delivery, especially under the digital invoice regime, and R&D activities, to further our business growth, as well as (2) fair value changes of financial liabilities at FVTPL. Moreover, in the four months ended April 30, 2024, we experienced a decrease in revenue compared to the four months ended April 30, 2023, as we optimized the mix of marketed financial products and strategically reduced marketing efforts for financial products with low profit margin, which resulted in a decrease in revenue contribution from our digital precision marketing services, and correspondingly there was a decrease in our referral fees, which resulted in the decrease in our cost of sales in the same period. We also experienced a slight decrease in our gross profit margin for the four months ended April 30, 2024 compared to that for the four months ended April 30, 2023, as the increase in our staff costs did not bring comparable revenue growth, because we downwardly adjusted pricing for our cloud and on-premises solutions to incentivize customer purchases. For the four months ended April 30, 2024, the number of invoices issued with our cloud financial & tax digitalization solutions was 522.8 million, as compared to 913.0 million in the four months ended April 30, 2023. The number of viewing requests fulfilled for enterprise operation reports was 7.3 million for the four months ended April 30, 2024, as compared to 4.7 million in the four months ended April 30, 2023. The number of enterprises included in the enterprise operation reports was 2.3 million in the four months ended April 30, 2024, as compared to 1.1 million in the four months ended April 30, 2023.

We, together with another software and technology company which is a Chinese state-owned enterprise specializing in the provision of IT infrastructure services, such as those in relation to operating system and database, were the joint bid-winner, joint developer and the exclusive service providers for the system application development of the Digital Invoice Service Platform, the total contract value of which is approximately RMB23.2 million. We did not record any revenue in our consolidated statements of profit or loss during the Track Record Period, and expect to recognize revenue upon final acceptance by the SAT as revenue of our on-premises financial & tax digitalization solutions.

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Our Directors confirm that, save as disclosed in this section, up to the date of this document, there has been no material adverse change in our financial, operational, or trading position or prospects since December 31, 2023, which is the end date of the periods reported on in the Accountants’ Report included in Appendix I to this document, and there has been no event since December 31, 2023 that would materially affect the information as set out in the Accountants’ Report included in Appendix I to this document.

COVID-19 Outbreak and Effects on Our Business

Since the COVID-19 outbreak, we have seen an increase in demands for enterprise digitalization solutions from customers. However, during the regional resurgence of COVID-19, we had to temporarily close certain of our offices. In addition, our ability to carry out effective sales and marketing activities were also temporarily restrained by the pandemic. In response to the deteriorated financial conditions of our customers as a result of the COVID-19 pandemic, we downwardly adjusted the price of certain solutions in 2022, and have strengthened marketing efforts for our basic and standardized cloud financial & tax digitalization solutions towards price-sensitive customers with basic invoice processing needs. The COVID-19 pandemic did not adversely affect our solution pricing in 2023.

In 2022, we experienced temporary delays in delivering our on-premises financial & tax digitalization solutions primarily because a number of our employees contracted COVID-19. In addition, our dollar-based retention rate for KA customers decreased in 2022, primarily due to delay in project delivery and the decrease in demand from KA customers for digital invoice-related services, both as a result of the adverse impact of the COVID-19 pandemic. Our contract liabilities increased from RMB130.6 million as of December 31, 2021 to RMB165.5 million as of December 31, 2022, partially as a result of delay in contract delivery. As our operations returned to normal since early 2023, we picked up our solutions delivery pace and did not experience material delays in solution delivery, and our contract liabilities decreased to RMB122.7 million as of December 31, 2023. Our contract costs increased from RMB54.7 million as of December 31, 2021 to RMB80.1 million as of December 31, 2022, partially due to the increase in costs associated with our service contracts that were not completed as of the end of 2022 due to the impact of the COVID-19 pandemic.

As of the Latest Practicable Date, we did not experience material business disruptions or operating difficulties due to the COVID-19 outbreak. We believe the COVID-19 outbreak has not materially affected our business relationships with our business partners. Based on the above, our Directors are of the view that the COVID-19 outbreak had not had any material adverse impact on our operations and financial performance during the Track Record Period and up to the Latest Practicable Date.