This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire Document before you decide to [**REDACTED**] *in our* [**REDACTED**].

There are risks associated with any [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in our* [**REDACTED**] *are set out in the section headed "Risk Factors" in this Document. You should read that section carefully before you decide to* [**REDACTED**] *in our* [**REDACTED**].

Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this Document.

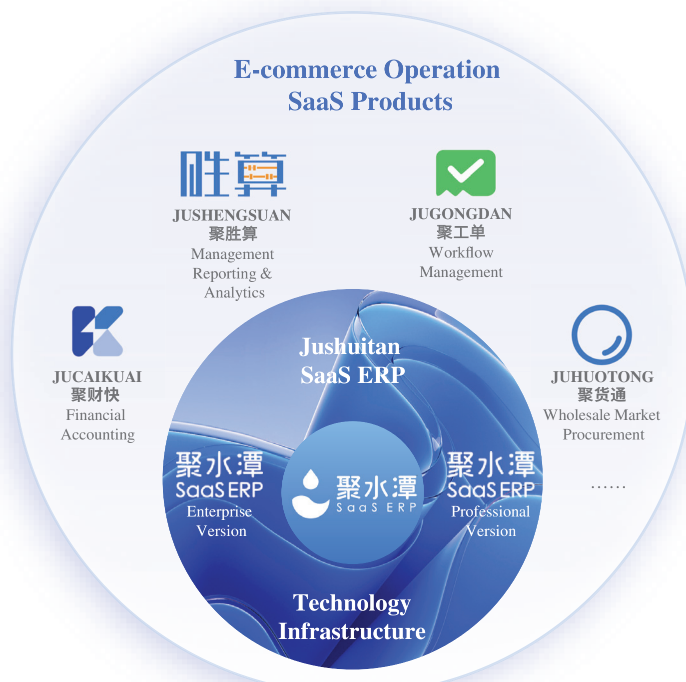
WHO WE ARE

Jushuitan (聚水潭) is China's largest e-commerce SaaS ERP provider in terms of revenue in 2022, with a market share of 20.7%, according to CIC. In China's e-commerce operation SaaS market, we also ranked first with regard to total SaaS revenue in 2022. Leveraging the industry expertise our seasoned management team amassed in the past over 25 years, we have developed a comprehensive suite of cloud-based e-commerce SaaS products, and are able to connect merchants with over 350 e-commerce platforms in China and across the world. Our offerings provide customers of different kinds and sizes a unified and intuitive way to monitor, operate and manage their businesses, and make data-driven intelligent decisions that help them excel in the fast-evolving e-commerce industry. In 2022, we served 45.7 thousand SaaS customers across various categories. In 2021 and 2022, our net dollar retention rate was 122% and 105%, respectively.

We offer a broad range of SaaS products and services in one-stop, helping our customers seamlessly upgrade capabilities, improve performance and grow their cross-platform businesses, while greatly reducing installation and operation costs.

- *Jushuitan ERP* is our cornerstone SaaS product, serving the critical needs of merchants associated with their fulfillment of e-commerce orders across major platforms. Our *Jushuitan ERP* is designed for simplicity and ease of use. Merchants can easily integrate, synchronize and coordinate all of their stores, orders, products, inventories, and other operating or financial data from various platforms through *Jushuitan ERP*, enjoying a streamlined cross-platform commerce experience. Key features that our *Jushuitan ERP* provides include Order Management System (OMS), Warehousing Management System (WMS), Procurement Management System (PMS) and Distribution Management System (DMS), among others. According to CIC, *Jushuitan ERP* has become the most popular e-commerce SaaS ERP brand among Chinese merchants.

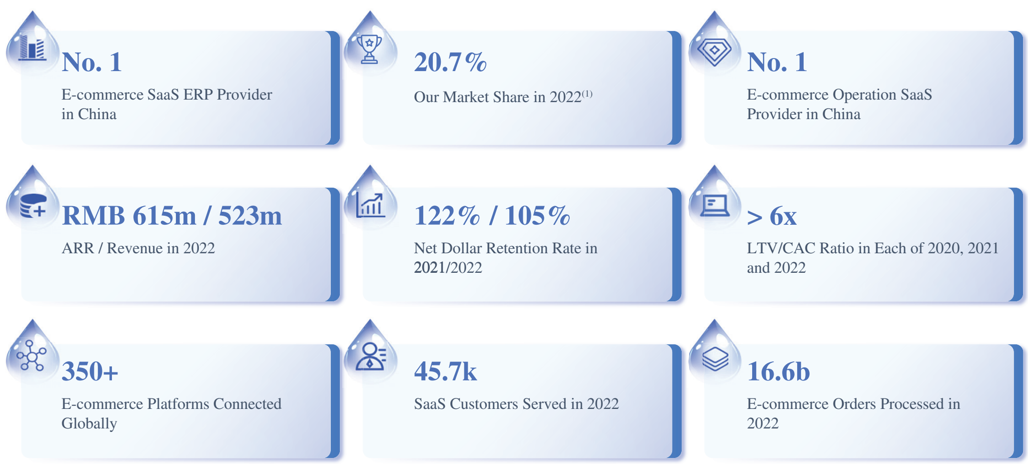
- With ERP at the core, we have further expanded product and service offerings to include other e-commerce operation SaaS products, and became a one-stop e-commerce SaaS provider. Our comprehensive SaaS tools serve various needs of e-commerce participants to equip them with financial accounting, management reporting and analytics, workflow management, and wholesale market procurement, among others. With our products, they are better equipped in coordinating internal resources and collaborating with external partners, including suppliers, distributors, warehousing and logistics providers.



Our operations are supported by a powerful technology infrastructure that ensures our products stay reliable under large spikes in traffic. For instance, we successfully processed approximately 1.2 billion orders during the Double 11 Festival in 2022, an industry-leading record and powerful testament to the robustness of our technology infrastructure. We have also built a development platform with a scalable architecture and rich development toolkits for our engineers to facilitate timely launch and iteration of our products. With industry-leading development efficiency, we are able to embrace the latest industry trends, meet diverse needs under varied scenarios and maintain our leadership.

We have built a well-known nationwide customer success network, which we believe is a core competence to effectively acquire and retain customers, leading to long-term customer relationships and increasing operating productivity. Through the combination of our sales and marketing efforts and word-of-mouth referrals from customers, we are well positioned to expand sustainably and acquire new customers efficiently, which has resulted in our market-leading LTV/CAC ratio during the Track Record Period, which is over 6 times in each of 2020, 2021 and 2022. The LTV/CAC ratio measures the relationship between the lifetime value of customers and the cost of acquiring the customers. It illustrates a company's unit economics and customer acquisition efficiency. According to CIC, LTV/CAC ratio is a commonly used measure in the SaaS industry. Meanwhile, our customer success network enables us to cross-sell additional products and services to our customers. In 2022, our customers that purchased two or more *Jushuitan* products contributed 30.6% of our total SaaS revenue for the year.

Our business has experienced rapid growth along with the success of our customers. Our total revenue and ARR reached RMB523.1 million and RMB615.4 million in 2022, respectively, each representing a CAGR of 33.4% and 23.9% from 2020 to 2022. Our core business and financial performance are shown in the following chart:



Note: (1) in China's e-commerce SaaS ERP sector and in terms of revenue.

OUR MARKET OPPORTUNITY

The e-commerce market in China has witnessed significant advancement and has been evolving rapidly. According to CIC, in 2022, the number of e-commerce merchants has exceeded 23.0 million and online retail sales of physical goods has reached RMB12.0 trillion, representing 27.2% of total consumption in China. With the increasing diversification of e-commerce platforms and emergence of innovative business models, more than half of China's merchants now run their businesses across multiple platforms.

However, cross-platform operations without all-in-one software products can be chaotic and inefficient.

- Merchants and other participants may have to log into multiple independent systems to manage their large volumes of SKUs and orders, creating an unsmooth and fragmented operation experience. Additionally, merchants often lack a tool for centralized and real-time management of orders, stock information and after-sales services.

- China's e-commerce industry landscape is extremely scattered with a large number of players participating in each part, such as e-commerce suppliers, merchants, and third-party logistics and warehousing service providers. Most participants often utilize disparate management software, making it difficult to interconnect and share data between themselves, and therefore compromising overall efficiencies.

All-in-one cloud-based solutions thus became critical in helping e-commerce merchants streamline their operations and form a full-angle whole picture of their cross-platform business. Merchants in China's e-commerce market are increasingly willing to pay for digital solutions that can help their e-stores thrive and succeed. According to CIC, Chinese e-commerce merchants' IT spending reached a total of RMB116.0 billion in 2022, which is expected to further grow to RMB231.2 billion by 2027. According to CIC, the penetration rate of e-commerce SaaS ERP among these merchants was at a relatively low level of 1.3% in 2022 and is expected to grow steadily. We believe there are extensive opportunities for us to increase the penetration of our e-commerce SaaS products among the diverse base of e-commerce merchants, and our current customer base only represents a small proportion of our target customers.

Our Values to Customers

We strive to provide e-commerce SaaS products that help customers to navigate among the intensified challenges and to expand. As such, *Jushuitan* has cemented its position as the go-to solution for e-commerce merchants in China. In particular, key values that we bring to our customers include:

- ***Choice of Solution for Cross-platform E-Commerce Growth:*** Our all-in-one e-commerce SaaS products include core e-commerce operation features, robust and secure infrastructure, and analysis and forecasting tools. We are able to fulfill e-commerce business across e-commerce platforms for customers in one-stop, helping them quickly seize opportunities such as live-streaming e-commerce and fostering their scaling up;

- ***Flexibility and Simplicity for Efficient Operation:*** Our SaaS products are fully cloud-based and are easy-to-use in nature, greatly reducing the upfront or local installation costs and automatically upgrading day-to-day operation capabilities for customers. We help customers significantly reduce the risk of stock-outs, minimize overstocking, and improve the accuracy and efficiency of order management;

- ***Enabling Customers' Long-Term Success:*** We facilitate life-long prosperity for customers and have built a responsive and extensible customer success network of approximately 2,300 experienced experts, consisting of sales personnel, engineers and after-sale service teams. With our nationwide coverage, our success network helps customers find the best-suited products for their needs, provides hands-on product training, system debugging and solutions for complex use cases, and offers prompt after-sale service; and

- ***Connection to a Wide Group of Industrial Partners:*** We have connected our customers with various industrial partners to form a close and cohesive network. As of December 31, 2022, *Jushuitan* e-commerce SaaS has connected with over 350 e-commerce platforms in China and across the world, as well as over 700 global logistics and warehousing service providers. Through introducing a wide group of industrial partners to our customers, we also form a self-reinforcing, win-win collaboration for the industry that greatly contributes to our customers' sustainable growth.

OUR OFFERINGS

We offer a comprehensive suite of cloud-based SaaS products, providing our customers with an extensive, unified and intuitive way to monitor, operate and manage their businesses in the fast-evolving e-commerce industry. Our comprehensive offerings primarily include: (i) e-commerce SaaS ERP products, and (ii) other e-commerce operation SaaS products. In 2020, 2021 and 2022, our revenue generated from e-commerce SaaS ERP products amounted to RMB254.9 million, RMB373.8 million and RMB457.1 million, respectively, accounting for 86.7%, 86.2% and 87.4% of our total revenues in the same years, respectively. In 2020, 2021 and 2022, our revenues generated from other e-commerce operation SaaS products amounted to RMB8.1 million, RMB24.5 million and RMB40.8 million, respectively, accounting for 2.7%, 5.7% and 7.8% of our total revenues in the same years, respectively.

The following chart sets forth the core product matrix of our SaaS products:

Products	Key features	Fee model
Jushuitan ERP – Enterprise version	• Order Management System ("OMS") • Warehousing Management System ("WMS") • Procurement Management System ("PMS") • Distribution Management System ("DMS") • On-site deployment and other value-added services and online supports	Charged either (i) on an annual subscription basis or (ii) based on the number of orders processed on the products
Jushuitan ERP – Professional version	• Order Management System ("OMS") • Procurement Management System ("PMS") • Distribution Management System ("DMS") • Initial on-site deployment services and online support	Charged on an annual subscription basis
Jushengsuan	• Management reporting and analytics	Charged on an annual subscription basis
Other products	• Financial accounting • Workflow management • Wholesale market procurement management	Charged on an annual subscription basis

For details, see "Business—Our Offerings."

OUR CUSTOMERS AND SUPPLIERS

With our SaaS products focused on e-commerce industry, our customers are primarily e-commerce merchants across various e-commerce platforms. We have accumulated a broad and solid customer base, which has expanded rapidly since our inception. The total number of our SaaS customers increased from 22.6 thousand to 33.1 thousand, and further to 45.7

thousand for the years ended December 31, 2020, 2021 and 2022, respectively. During the Track Record Period, we did not have any substantial reliance on any single customer. Our top five customers in each of 2020, 2021 and 2022 in aggregate only accounted for 1.4%, 1.8% and 1.2% of our total revenues in the respective year. Our largest customer in each of 2020, 2021 and 2022 accounted for 0.7%, 0.6% and 0.3% of our total revenue for the respective year. For details, see "Business—Customers and Customer Support—Our Customers."

During the Track Record Period, our suppliers primarily include cloud service providers, sales agents and hardware suppliers. Our top five suppliers in aggregate accounted for 65.0%, 65.0% and 72.6% of our total purchases in 2020, 2021 and 2022, respectively. Our largest supplier accounted for approximately 37.7%, 35.5% and 39.4% of our total purchases in 2020, 2021 and 2022, respectively. For details, see "Business—Suppliers and Procurement."

OUR STRENGTHS

We believe the following strengths differentiate us from our competitors:

- Leader and pioneer in China's e-commerce SaaS industry;
- Strong technology and R&D capability;
- Well-established customer success network enabled large and loyal customer base; and
- A management team dedicated to long-term value.

For details, see "Business—Our Strengths."

OUR STRATEGIES

In order to fulfill our mission to empower enterprises to maximize their full potential through collaboration, we propose to implement the following strategies:

- Continue to enhance and expand our product offerings;
- Continue to strengthen the relationships with existing customers and grow our customer base;
- Strengthen our monetization efforts;
- Capture international opportunities; and
- Explore strategic investment opportunities.

For details, see "Business—Our Strategies."

COMPETITION

We face competition from other e-commerce SaaS ERP providers in China. E-commerce SaaS ERP providers compete to acquire market share in many ways, such as acquiring and maintaining more customers, increasing the order processing speed, strengthening the capability to connect to more e-commerce platforms and maintaining high product quality. The principal competitive factors in our industry include e-commerce and ERP industry know-how, advanced and user-friendly product offerings, expansion of solutions and features, technical capabilities, sales and marketing capabilites, implementation and customer service and industry-wide coordination. We believe we are well-positioned to compete effectively on the basis of the foregoing factors.

We are the largest e-commerce SaaS ERP provider in China in terms of revenue in 2022, taking up to 20.7% of the market share, according to CIC. Nevertheless, some of our existing or future competitors may have longer operating histories, larger customer bases, greater name recognition and broader global footprint as well as greater financial, technical and other resources. Moreover, as our business grows, we may also compete with other e-commerce operation SaaS providers. See "Risk Factors—Risks Relating to Our Business and Industry—We operate in a competitive market and may not be able to compete successfully against our existing and future competitors." For more information on the competitive landscape of our industry, see "Industry Overview."

RISK FACTORS

There are certain risks relating to an [**REDACTED**] in our [**REDACTED**]. These risks can be characterized as (i) risks relating to our business and industry; (ii) risks relating to conducting business in China, and (iii) risks relating to the [**REDACTED**]. We believe that the most significant risks we face include the following:

- If we fail to improve and enhance the functions, performance, reliability, design, security, and scalability of our SaaS products to suit our customers' evolving needs, we may lose our customers;

- If we fail to continue innovating and keep pace with technological developments and market dynamics in the industry that we operate in, our business may be materially and adversely affected;

- We invest heavily in our research and development, and such investment may negatively impact our profitability in the short term and may not generate the results we expect to achieve;

- If we fail to maintain and grow our customer base, keep our customers engaged through our products and solutions, and expand our business, our business growth may not be sustainable;

- We operate in a competitive market and may not be able to compete successfully against our existing and future competitors;

- We have recorded net losses and operating cash outflow during the Track Record Period, and we may not be able to achieve or subsequently maintain profitability;

- We recorded net current liabilities and deficits in equity during the Track Record Period;
- Our historical growth rates may not be indicative of our future growth, and, if we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected; and
- If we fail to maintain our relationships with e-commerce platforms or adapt ourselves to emerging e-commerce platforms, or if e-commerce platforms otherwise curtail or inhibit our ability to integrate or operate our products with their platforms, our business and prospects may be materially and adversely affected.

For details, see "Risk Factors."

KEY OPERATING METRICS

The following table sets forth certain of our key operating metrics for the periods indicated. These operating metrics are commonly adopted in our industry, and the calculation methodology relating to these operating metrics is consistent with the industry norm.

	For the Year Ended December 31,		
	2020	2021	2022
Total SaaS Customers (in thousands)	22.6	33.1	45.7
Total SaaS Billings (RMB in thousands)	578,401	716,434	740,713
Accumulated SaaS Billings (RMB in thousands)(1)	1,101,976	1,522,675	1,825,998
SaaS Revenue Recognition Rate(2)	24%	26%	27%
Net Dollar Retention Rate(3)	N/A(3)	122%	105%

Notes:

(1) Accumulated SaaS billings refers to total SaaS billings for each period adding beginning balance of contract liabilities for the same period.

(2) SaaS revenue recognition rate refers to SaaS revenue recognized for each period divided by accumulated SaaS billings for the same period.

(3) A net dollar retention rate above 100% reflects that we have generated increased revenue from the relevant customers retained over such periods. Net dollar retention rate for 2020 is not applicable as the calculation requires revenue in 2019, which is prior to the Track Record Period.

Driven by our business growth, the number of our total SaaS customers, total SaaS billings and accumulated SaaS billings all increased during the Track Record Period, illustrating our healthy billings from prepayments by a growing customer base. Our net dollar retention rate was 122% and 105% in 2021 and 2022, respectively, indicating that we generated increased revenue from the relevant customers retained over such periods. Our SaaS revenue recognition rate was 24%, 26% and 27% in 2020, 2021 and 2022, respectively. As our customer base grows and billings increase, the prepayment from customers is subsequently recognized in our revenue over the contract period or upon consumption.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Combined Statements of Comprehensive Loss

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Revenue	**293,946**	**100.0**	**433,422**	**100.0**	**523,078**	**100.0**
Cost of sales	(158,016)	(53.8)	(214,370)	(49.5)	(249,565)	(47.7)
Gross profit	**135,930**	**46.2**	**219,052**	**50.5**	**273,513**	**52.3**
Selling and marketing expenses	(158,776)	(54.0)	(235,361)	(54.3)	(314,310)	(60.1)
General and administrative expenses	(183,160)	(62.2)	(68,414)	(15.7)	(98,079)	(18.8)
Research and development expenses	(66,893)	(22.8)	(191,804)	(44.3)	(234,327)	(44.8)
Provision for impairment losses on financial assets	(530)	(0.2)	(656)	(0.2)	(25)	(0.0)
Other income	13,634	4.6	15,209	3.5	22,055	4.2
Other gains/(losses) – net	13,743	4.7	137,376	31.7	(18,522)	(3.5)
Operating loss	**(246,052)**	**(83.7)**	**(124,598)**	**(28.8)**	**(369,695)**	**(70.7)**
Finance income	1,730	0.6	1,193	0.3	1,485	0.3
Finance costs	(117,516)	(40.0)	(99,314)	(22.9)	(103,717)	(19.8)
Finance costs – net	(115,786)	(39.4)	(98,121)	(22.6)	(102,232)	(19.5)
Share of losses of investments accounted for using equity method	(2,446)	(0.8)	(32,235)	(7.4)	(35,152)	(6.7)
Loss before income tax	**(364,284)**	**(123.9)**	**(254,954)**	**(58.8)**	**(507,079)**	**(96.9)**
Income tax credit	–	–	627	0.1	–	–
Loss for the year	**(364,284)**	**(123.9)**	**(254,327)**	**(58.7)**	**(507,079)**	**(96.9)**
Loss attributable to:						
Equity owners of the Company	(364,072)	(123.8)	(251,201)	(58.0)	(505,335)	(96.6)
Non-controlling interests	(212)	(0.1)	(3,126)	(0.7)	(1,744)	(0.3)
	(364,284)	**(123.9)**	**(254,327)**	**(58.7)**	**(507,079)**	**(96.9)**

Our revenue increased by 47.4% from RMB293.9 million in 2020 to RMB433.4 million in 2021, and further by 20.7% to RMB523.1 million in 2022, driven by the expansion of our customer base and our successful customer retention. We typically require prepayments from our customers before we grant them access to our SaaS products, and we charge service fees either on (i) an annual subscription package that offers unlimited volume, or (ii) based on the volume of orders processed on the products. Revenue from provision of SaaS services is recognized in the period in which the services are rendered.

Our gross profit increased by 61.2% from RMB135.9 million in 2020 to RMB219.1 million in 2021, and further by 24.8% to RMB273.5 million in 2022, with gross profit margin grown from 46.2% in 2020 to 50.5% in 2021 and further to 52.3% in 2022. The increase of our gross profit margin was primarily driven by economies of scale as the growth of our revenue outpaced the increase of our cost of sales, and that our recurring customers accounted for an increasing portion, which typically require less implementation costs compared to new customers.

For details, see "Financial Information—Description of Key Statement of Comprehensive Loss Items."

Non-IFRS Financial Measure

To supplement our combined financial statements presented in accordance with IFRS, we use adjusted net loss as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that this non-IFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that this measure provide useful information to [**REDACTED**] in understanding and evaluating our combined results of operations in the same manner as they help our management. However, presentation of adjusted net loss 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 [**REDACTED**] should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS.

We define adjusted net loss as loss for the year by adding back (i) share-based payments for employees which is a non-cash item, (ii) interest expense on financial liabilities to investors, which is non-cash, non-recurring and non-operational in nature, (iii) share-based payments to shareholders, which is non-cash, non-recurring and non-operational in nature, and (iv) loss on derecognition of financial liabilities to investors, which is non-cash, non-recurring and non-operational in nature. The following table reconciles our adjusted net loss presented to the most directly comparable financial measures calculated and presented in accordance with IFRS, namely loss for the year/period.

	For Year Ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Loss for the year	**(364,284)**	**(254,327)**	**(507,079)**
Share-based payments for employees	3,087	19,155	24,561
Interest expense on financial liabilities to investors	88,304	98,180	103,146
Share-based payments to shareholders	137,357	–	–
Loss on derecognition of financial liabilities to investors	28,345	–	–
Adjusted net loss (non-IFRS measure)	**(107,191)**	**(136,992)**	**(379,372)**

Summary of Combined Statements of Financial Position

	As of December 31,		
	2020	2021	2022
	(RMB in thousands)		
ASSETS			
Total non-current assets	273,281	675,465	672,720
Total current assets	948,719	794,530	785,792
Total assets	**1,222,000**	**1,469,995**	**1,458,512**
DEFICITS IN EQUITY			
Combined capital	3,814	3,814	3,814
Other reserves	28,508	47,663	72,317
Accumulated losses	(829,491)	(1,080,692)	(1,586,027)
Deficits in equity attributable to owners of the Company	(797,169)	(1,029,215)	(1,509,896)
Non-controlling interests	(327)	(3,328)	(3,171)
Total deficits in equity	**(797,496)**	**(1,032,543)**	**(1,513,067)**
LIABILITIES			
Total non-current liabilities	1,542,044	1,841,830	1,958,789
Total current liabilities	477,452	660,708	1,012,790
Total liabilities	**2,019,496**	**2,502,538**	**2,971,579**
Total deficits in equity and liabilities	**1,222,000**	**1,469,995**	**1,458,512**

Our net current liabilities increased from RMB227.0 million as of December 31, 2022 to RMB320.7 million as of April 30, 2023, mainly due to the decrease in our cash and cash equivalents from RMB426.7 million as of December 31, 2022 to RMB210.1 million as of April 30, 2023, and partially offset by the decrease in our trade and other payables from RMB474.6 million as of December 31, 2022 to RMB346.1 million as of April 30, 2023, mainly because we settled staff salaries and welfare payables, and the authorization fees to be refunded by us. In addition, as the activity level of our business is relatively low in the first quarter, our cash inflow during such period is typically lower.

We recorded net current liabilities of RMB227.0 million as of December 31, 2022, as compared to net current assets of RMB133.8 million as of December 31, 2021, primarily due to (i) an increase in trade and other payables from RMB296.4 million as of December 31, 2021 to RMB474.6 million as of December 31, 2022, primarily due to the increased authorization fees to be refunded, mainly as a result of the growth of our business scale, see "Financial Information—Discussion of Selected Items from the Combined Statements of Financial Position—Assets—Trade and Other Receivables" and "Financial Information—Discussion of Selected Items from the Combined Statements of Financial Position—Assets—Trade and Other Payables"; (ii) an increase in contract liabilities from RMB350.5 million as of December 31, 2021 to RMB530.4 million as of December 31, 2022 due to the increase of contracts to be performed driven by our business growth, (iii) a decrease in financial assets at fair value through profit or loss from RMB40.3 million as of December 31, 2021 to RMB6.5 million as of December 31, 2022 due to our decreased investments in wealth management products as a result of our prudent cash management policy, and the reduction in fair value of certain wealth management product, (iv) a decrease in trade and other receivables from RMB144.6 million as of December 31, 2021 to RMB102.5 million as of December 31, 2022, primarily due to the decrease of receivables due from e-commerce platforms, mainly as a result of increased payments to settle authorization fees by e-commerce platforms, see "Financial Information—Discussion of Selected Items from the Combined Statements of Financial Position—Assets—Trade and Other Receivables" and (v) a decrease of cash and cash equivalents from RMB534.6 million as of December 31, 2021 to RMB 426.7 million as of December 31, 2022, primarily attributable to the purchase of time deposits. The change was partially offset by an increase in financial assets at fair value through other comprehensive income from nil of December 31, 2021 to RMB150.0 million as of December 31, 2022, primarily attributable to our acquisition of time deposits.

Our net current assets decreased from RMB471.3 million as of December 31, 2020 to RMB133.8 million as of December 31, 2021, primarily due to (i) a decrease in financial assets at fair value through profit or loss from RMB561.8 million as of December 31, 2020 to RMB40.3 million as of December 31, 2021 due to our decreased investments in wealth management products due to our prudent cash management policy, (ii) an increase in trade and other payables from RMB188.1 million as of December 31, 2020 to RMB296.4 million as of December 31, 2021 primarily attributable to the increased staff salaries and welfare payables and authorization fees to be refunded, mainly as a result of the growth of our business scale, see "Financial Information—Discussion of Selected Items from the Combined Statements of Financial Position—Assets—Trade and Other Payables", as well as the increase of staff salaries and welfare payables driven by our business expansion, and (iii) an increase in contract liabilities from RMB278.6 million as of December 31, 2020 to RMB350.5 million as of December 31, 2021 primarily due to the increase of contracts to be performed driven by our business growth. The decrease was partially offset by (i) an increase in cash and cash equivalents from RMB266.3 million as of December 31, 2020 to RMB534.6 million as of December 31, 2021, primarily attributable to our redemption of wealth management products, and (ii) an increase in trade and other receivables from RMB57.0 million as of December 31, 2020 to RMB144.6 million as of December 31, 2021, primarily due to increased authorization fees due from e-commerce platforms, mainly as a result of the growth of our business scale. For details, see "Financial Information—Discussion of Selected Items from the Combined Statements of Financial Position—Current assets and liabilities."

Summary of Combined Statement of Cash Flow

	For the Year Ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Net cash generated from/(used in) operating activities	163,598	(23,805)	78,711
Net cash (used in)/generated from investing activities	(230,576)	305,448	(174,415)
Net cash generated from/(used in) financing activities	268,478	(12,650)	(12,852)
Net increase/(decrease) in cash and cash equivalents	**201,500**	**268,993**	**(108,556)**
Exchange (losses)/gains on cash and cash equivalents	(7,808)	(714)	622
Cash and cash equivalents at beginning of the year	72,622	266,314	534,593
Cash and cash equivalents at end of the year	**266,314**	**534,593**	**426,659**

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

Industry Background

SaaS products typically require substantial initial investment in (i) product development and (ii) customer acquisition and retention to drive market acceptance. Specifically, SaaS service providers need to make significant upfront investment in product development and subsequent continued optimization and upgrade of products to meet customers' evolving needs. Meanwhile, SaaS service providers need to drive the market acceptance of these products through acquiring and retaining a vast and loyal customer base from which they can continue to generate recurring revenues.

For these reasons, it takes a longer time for SaaS service providers to achieve breakeven. According to CIC, it is common for SaaS companies around the world, including in the United States and China, to remain loss-making for approximately 15 years before becoming profitable.

China's e-commerce SaaS market has experienced significant growth in recent years, driven by merchants' increasingly complex and ever-changing needs in their daily operation and management. For details of the evolvement of e-commerce SaaS ERP in China, see "Industry Overview—E-commerce SaaS ERP Market in China—The Evolvement of E-commerce SaaS ERP in China." As we see the evolving industry landscape and market opportunities, we believe that the e-commerce SaaS industry still has significant runway for growth, both in terms of the numbers of merchants adopting e-commerce SaaS products and in terms of their usages of such products.

Our Historical Performance

We have achieved significant growth during the Track Record Period, which helps cement our long-term sustainable market leadership. Our total revenues increased by 47.4% from RMB293.9 million in 2020 to RMB433.4 million in 2021, and by 20.7% from RMB433.4 million in 2021 to RMB523.1 million in 2022. Meanwhile, we typically require prepayment from customers in full before we grant them access to use our SaaS products, and revenue from provision of SaaS services is recognized in the period in which the services are rendered, either over the contract term or upon consumption, over a period of time. As a result, we have recorded healthy billings and robust operating cash flows, illustrating our sustainable operations. In 2020, 2021 and 2022, our total SaaS billings were RMB578.4 million, RMB716.4 million and RMB740.7 million, respectively, and our SaaS revenue recognition rates were 24%, 26% and 27% in the same years, respectively, providing sustainable revenue streams. In 2022, our net cash generated from operating activities was RMB78.7 million.

Historically we have invested significantly in customer acquisition and product innovations, and have achieved fruitful results. The total number of our SaaS customers increased from 22.6 thousand to 33.1 thousand, and further to 45.7 thousand for the years ended December 31, 2020, 2021 and 2022, respectively. We have been also constantly innovating and improving our products to ensure that all of our customers have access to the latest technologies and features, cementing our strong brand reputation and market leadership.

Primarily attributable to our historical investment in customer acquisition and product innovations, we incurred net loss during the Track Record Period. In 2020, 2021 and 2022, we recorded net losses amounting to RMB364.3 million, RMB254.3 million and RMB507.1 million, respectively, and our adjusted net loss amounting to RMB107.2 million, RMB137.0 million and RMB379.4 million in the same periods, respectively.

Moreover, we recorded accumulated losses of RMB829.5 million, RMB1,080.7 million and RMB1,586.0 million as of December 31, 2020, 2021 and 2022, respectively. Our accumulated losses as of these dates were attributable primarily to our losses incurred in the past. As a result of the accumulated losses, and the accounting treatment of the financial liabilities to investors as liabilities during the Track Record Period, we were in a negative equity position during the Track Record Period. Considering our sufficient working capital and healthy operating cash flow, we have not sought new equity financings since our Series C financing in 2020. We expect to achieve a positive equity position upon completion of the [**REDACTED**], after which financial liabilities to investors will be redesignated from financial liabilities to equity, taking into consideration the [**REDACTED**] from the [**REDACTED**].

Our Path to Profitability

Going forward, we plan to achieve long-term profitability primarily by further (i) expanding our customer base, (ii) retaining our customers and increasing their spending and (iii) managing expenses and enhancing operational efficiency. As our business grows and with our enhanced brand recognition, we expect to achieve economies of scale and network effect, which would enable us to acquire new customers more cost-efficiently. Additionally, as a result of our efforts in retaining customers and increasing their spendings, revenue recognized from existing customers is expected to constitute a greater proportion of our revenue, while the cost of implementation services associated with existing customers is significantly lower than new customers, thereby driving sustainable profitability. We will also enhance our operating efficiency and manage our expenses more efficiently, which will further improve our profitability.

Taking into account (i) the fact that SaaS products typically require substantial initial investment in product development and customer acquisition and retention to drive market acceptance, and such costs and expenses often exceed the profit generated from recurring revenue stream in the initial period, resulting in a loss-making position, (ii) the outlook of China's e-commerce SaaS market in which we operate, (iii) our proven historical business growth and expansion plans aiming for long-term growth as described above, (iv) our healthy billings and robust operating cash flows, and the fact that customers prepayment are subsequently recognized in our revenue, and (v) our efforts to manage costs and improve operational efficiency, our Directors believe that our Group has a sustainable business.

For details, see "Business—Business Sustainability and Path to Profitability."

KEY FINANCIAL RATIO

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

	For the Year Ended December 31,		
	2020	2021	2022
Total revenue growth (%)	N/A	47.4	20.7
Gross profit margin (%)	46.2	50.5	52.3
Net loss margin (%)	(123.9)	(58.7)	(96.9)
Adjusted net loss margin (%)	(36.5)	(31.6)	(72.5)

DIVIDENDS

As advised by our Cayman Islands legal advisor, under Cayman Islands law, a position of accumulated losses and deficits in equity does not necessarily restrict our Company from declaring and paying dividends to our Shareholders out of either our profit or our share premium account, provided this would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board. Throughout the Track Record Period, we did not pay or declare any dividend. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

FUTURE PLANS AND USE OF [REDACTED]

We estimate the [**REDACTED**] of the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] stated in the Document), will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**] fees and [**REDACTED**] other estimated expenses payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised. In line with our strategies, we intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for enhancing our research and development capabilities to enrich our product offerings over the next five years.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for strengthening our sales and marketing capabilities over the next five years.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for strategic investments over the next five years.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for general corporate purposes.

For details, please see "Future Plans and Use of [**REDACTED**]."

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (on the basis that all the Preferred Shares are converted into Shares on a one-to-one basis and assuming the [**REDACTED**] is not exercised), Mr. Luo, our chairman of the Board, executive Director and CEO, will control the voting rights of approximately [**REDACTED**]% of the total issued share capital of our Company, including:

(i) the voting rights of the Shares, representing approximately [**REDACTED**]% of the total issued share capital of our Company, held by Black Tea Limited, a wholly-owned company of HD Luo Limited, which is in turn wholly-owned by Mr. Luo; and

(ii) by virtue of the Voting Proxy Agreement (as summarized below), the voting rights of the Shares, representing approximately [**REDACTED**]% in aggregate of the total issued share capital of our Company, which includes [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% held by (a) Popogo Limited, (b) Taurus Lee Limited, and (c) Nico and Winco Limited respectively.

Accordingly, Mr. Luo, HD Luo Limited and Black Tea Limited are the Controlling Shareholders of our Company. For details, please see "Relationship with Our Controlling Shareholders."

OUR [REDACTED] INVESTORS

Since the establishment of our Company, we have entered into several rounds of financing agreements with the [**REDACTED**] Investors. For further details of the identity and background of the [**REDACTED**] Investors, and the principal terms of the [**REDACTED**] Investments, see "History, Reorganization and Corporate Structure—[**REDACTED**] Investments"

[**REDACTED**]

[**REDACTED**] EXPENSES

Based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], the total [**REDACTED**] expenses (including [**REDACTED**]) payable by our Company are estimated to be approximately HK$[**REDACTED**] (equivalent to approximately RMB[**REDACTED**]), or [**REDACTED**]% of our [**REDACTED**], assuming the [**REDACTED**] is not exercised. These [**REDACTED**] expenses comprise of (i) HK$[**REDACTED**] of [**REDACTED**] expenses (including but not limited to [**REDACTED**] and fees); and (ii) HK$[**REDACTED**] of [**REDACTED**] expenses, including HK$[**REDACTED**] of fees and expenses of legal advisors and accountants and HK$[**REDACTED**] of other fees and expenses.

As of December 31, 2022, we have not incurred [**REDACTED**] expenses for the [**REDACTED**]. We estimate that of the total [**REDACTED**] expenses (including [**REDACTED**], assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]), HK$[**REDACTED**] is expected to be charged to our combined statement of comprehensive income and HK$[**REDACTED**] is expected to be charged against equity upon the [**REDACTED**].

APPLICATION FOR [**REDACTED**] ON THE STOCK EXCHANGE

We have applied for [**REDACTED**] under Chapter 8 of the Listing Rules and satisfied the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules. We have applied to the Stock Exchange for the granting of the [**REDACTED**] of, and permission to deal in, the Shares in issue and to be [**REDACTED**] pursuant to the [**REDACTED**] and the [**REDACTED**] (including any Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]).

Under section 44B(l) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the Shares to be [**REDACTED**] on the Stock Exchange pursuant to this Document has been refused before the expiration of three weeks from the date of the closing of the [**REDACTED**] or such longer period not exceeding six weeks as may, within the said three weeks, be notified to us by or on behalf of the Stock Exchange, then any [**REDACTED**] made on an [**REDACTED**] in pursuance of this Document shall, whenever made, be void.

RECENT DEVELOPMENTS

Recent PRC Regulatory Developments

***Overseas* [REDACTED]**

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the 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 took effect on March 31, 2023. According to the Trial Measures, PRC domestic companies that seek to [**REDACTED**] and [**REDACTED**] securities overseas, directly or indirectly, should fulfill the filing procedure and report relevant information to the CSRC. The Trial Measures provides that if the issuer meets both of the following criteria, the overseas securities [**REDACTED**] and [**REDACTED**] conducted by such issuer will be deemed as indirect overseas [**REDACTED**] by PRC domestic companies: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by PRC domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China, or its main places of operations are located in mainland China, or the senior managers in charge of its operation and management are mostly Chinese citizens or domiciled in the PRC. Where an issuer submits an application for [**REDACTED**] to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. Given that we meet both of the conditions stated above, we are required to go through the filing procedures with the CSRC with respect to the [**REDACTED**] and [**REDACTED**] after the submission of our [**REDACTED**] application to the Stock Exchange.

No Material Adverse Change

Our Directors confirm that, as of the Latest Practicable Date, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2022, the end of the period reported on the Accountants' Report included in Appendix I to this Document.