

SUMMARY

This summary aims to give you an overview of the information contained in this document and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire document carefully before making your investment decision. There are risks associated with any investment. Some of the particular risks in investing in the [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 the [REDACTED].

OVERVIEW

Since our inception, we have been focusing on using technologies to intelligently match the service demands of enterprise clients with the skills of service providers and facilitate the transactions between our enterprise clients and service providers through our ZBJ platform. We are committed to enhancing the value propositions for our ZBJ platform users through providing enterprise clients with easy access to enterprise services⁽²⁾ which cover the entire lifecycle of the enterprises and enabling our service providers to improve their operating efficiency by digitalizing their business operation. As of December 31, 2022, our enterprise clients could source more than 650 types of enterprise services on our platforms and our cumulative number of registered users reached 33.6 million, among which, our cumulative number of enterprise clients reached 26.3 million, and our cumulative number of service providers reached 7.4 million. The aggregated GMV of our platforms amounted to RMB5,482.4 million, RMB8,404.5 million and RMB11,389.1 million in 2020, 2021 and 2022, respectively, and the average contract price per customer amounted to RMB21,097, RMB25,416 and RMB44,328 in 2020, 2021 and 2022, respectively.

Our ZBJ platform is the foundation of our enterprise services platform business, which enables us to further expand our business lines to smart enterprise services business, industrial services business and government cooperation on regional enterprise service ecosystem promotion business by leveraging the large user base of enterprise clients and services providers accumulated on our enterprise services platform. We generated a majority of our revenue from our smart enterprise services during the Track Record Period, and we will continue focusing on our smart enterprise services business as well as our enterprise services platform business, which we believe is the core of our business and serves as the foundation of our future business growth for all of our business lines.

We are a major customized enterprise services e-commerce platform in China. According to the iResearch Report, we ranked second with a market share of approximately 2.0% in China’s customized enterprise services e-commerce market⁽¹⁾ in terms of GMV in 2021. We also had a market share of approximately 0.09% and 0.009% in China’s customized enterprise services market in terms of GMV and revenue, respectively. According to the iResearch Report, China’s customized enterprise services e-commerce market accounted for approximately 4.8% market share in China’s customized enterprise services market and approximately 4.1% market share in China’s overall enterprise services market in 2021, respectively.

Notes:

- (1) Customized enterprise service refers to customized services provided according to the demand of enterprise client which requires specific manpower input. It is characterized by relatively high complexity, low degree of standardization, high unit price and small service radius. An e-commerce model of such services refers to a business model in which the enterprise client has the ability to browse service contents online and place an order and complete the transaction online.
- (2) Enterprise service is defined as services provided to enterprises. Recipients of enterprise services must be enterprises rather than individuals. The primary content delivered for enterprise services should be intangible services rather than tangible products. Enterprise-oriented software product is usually categorized as enterprise service.

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Our services offerings

Enterprise services platform

Our ZBJ platform is the foundation of our enterprise services platform business, which remains as our business focus going forward as we believe enterprise services platform business serves as the foundation of our future business growth for all of our business lines. As of December 31, 2022, our enterprise services platform provided over 650 types of quality service offerings to address enterprise clients’ different needs in various phases of their business development. We leverage the Internet, AI and big data technologies to establish and operate our ZBJ platform which serves as our enterprise services transaction marketplace. We primarily offer the following four types of services for our enterprise services platform business:

Matching services. Our enterprise clients can intelligently search for the service providers with suitable capabilities and skills for their demands on our ZBJ platform. Once a suitable service provider is identified, we facilitate the transactions between the enterprise client and service provider.

Membership services. We provide membership services to service providers on our ZBJ platform. As our paid members, service providers enjoy a number of membership benefits including access to store operation tools, such as advanced store decoration tools, to make their business operation more efficient.

Advertisement services. Service providers place service advertisements on our ZBJ platform to promote their services on our ZBJ platform. Service providers can choose the type of advertisement to be placed on our ZBJ platform such as advertisement on their service stores, service offerings or past projects they completed to showcase their services. We mainly offer the following types of advertisements on our ZBJ platform: Bajie Express (八戒快車) and keyword promotion.

Tools and subscription services. Our tools and SaaS subscription services mainly comprise the following five services: (1) SaaS-based store operation tools for service providers on our ZBJ platform, (2) Jin Dou Yun (筋斗雲) enterprise digital business operation solution, an SaaS services for service-oriented enterprises that are not on our ZBJ platform, (3) Jin Dou Yun (筋斗雲) (finance and tax industry) SaaS System, an SaaS service aimed at enhancing the efficiency of digital operation and management for finance and tax practitioners and service companies; (4) value-added services for enterprise clients and service providers and (5) public procurement platform services.

Smart enterprise services

Based on our understanding of the recurring needs of enterprise clients and leveraging the vast number of user base accumulated on our enterprise services platform, we expanded our business to smart enterprise business with an aim to better serve our enterprise clients. We provide self-operated smart enterprise services for enterprise clients to meet their service demands for finance and tax administration, intellectual properties and technology consultancy.

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Smart business, finance and taxation services. We are a leading provider of smart business, finance and taxation services in China. Leveraging our ZBJ platform traffic and our own advantages in technology and talent reserves, we have developed an offline service network which is composed of our directly-operated branches and franchisees. Our smart business, finance and taxation services mainly include finance services, corporate administration services, tax related services, qualification certification and accreditation services.

Smart intellectual property services. We are a leading smart intellectual property service provider in China. Our smart intellectual property services mainly include trademark right affirming services, trademark dispute and litigation services and copyright services. Leveraging our advantages in traffic on our ZBJ platform, our insights on SME’s needs for smart intellectual property services and our technology and talents, we have developed a wide-spectrum of smart intellectual property services.

Smart technology consultancy services. Our technology consultancy services assist technology-based small and medium-sized enterprises in enhancing their core competitiveness by improving their monetization capabilities and brand image and enhancing their core competitiveness. The technology consultancy services we provide for mainly include policy consultancy and strategy and technology consultancy.

Industrial services

The major service offerings for our industrial services include the following services.

Entrepreneurship and innovation park services. We have developed our entrepreneurship and innovation park services business by leveraging local government’s preferential policies related to entrepreneurship and innovation parks. Usually, we enter into leases with local governments or state-owned enterprises according to the preferential policies to obtain the use right of the workplaces in local entrepreneurship and innovation parks. We provide ready-to-move-in service solutions, such as customizable office spaces and independent workstations, as well as services packages including property, utilities and network services to the enterprises in the entrepreneurship and innovation park which are mostly service providers and technology-based enterprises. We also provide enterprise services to such enterprises in the park.

Industrial solution services. Leveraging a large amount of service providers on our ZBJ platform, we provide industrial solution services for medium and large-sized enterprises as well as government customers. The solutions we offer include agricultural solutions, cultural tourism solutions, digitalized brand marketing and other services. We usually subcontract a part of the tasks within the solution services to service providers on our ZBJ platform. Through partially subcontracting, we are able to provide various industrial services to our customers.

Government Cooperation on Regional Enterprise Service Ecosystem Promotion

We cooperate with local governments to help them build an enterprise service platform to attract and recruit enterprise service providers to local industrial parks, and operate and facilitate the development of local industrial parks. The project usually takes three to five years to complete, and the government will perform operation assessment every year. After passing the assessment in each assessment year, the government will pay us the government subsidies for the following year.

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The following table sets forth our principal services as of the Latest Practicable Date:

Business Line	Our Services	Launch Time	Customers	Fee Mode
Enterprise services platform	Membership services for service providers	2018	Service providers	Subscription fees (monthly)
	Advertisement services for service providers	2014	Service providers	Bajie Express: service fee charged to service providers is based on the number of clicks by enterprise clients on their advertisement Keyword Promotion: service fee charged to service providers based on number of days for display of their service information
	Matching services	2017	Service providers	We charge service providers a commission based on a certain percentage of the transaction value For intellectual property trading platform, we charge sellers a certain percentage of commission based on the transaction value We receive a certain percentage of referral fee for referring patent-related services demand to third-party service providers
	Tools and subscription services for service providers on our ZBJ platform and other service-oriented enterprises	2018	Service providers, enterprise clients and government agencies	Subscription fees for store operation tools and SaaS products (monthly/quarterly/annually) Service fees for value-added services based on number of services or period of use Service fee for government procurement project based on charge per project per year

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Business Line	Our Services	Launch Time	Customers	Fee Mode
Smart enterprise services	Smart business, finance and taxation services	2016	Enterprise clients and franchisees	Charge per number of services or annually Annual franchise fee is charged to franchisees based on the level of support we provide
	Smart intellectual property services	2015	Enterprise clients	Charge per number of services
	Smart technology consultancy services	2015	Enterprise clients and government agencies	Charge per number of services
Industrial services	Entrepreneurship and innovation park service	2016	Enterprise clients	Charge per service agreement
	Industrial solution services	2018	Medium and large-sized enterprises and the government agencies	Charge per project
Government cooperation on regional enterprise service ecosystem promotion	Government cooperation on regional enterprise service ecosystem promotion	2016	Government agencies	Charge per project/annually

For more details of our service offerings, please see “Business — Our service offerings”.

Our industry opportunities

We believe that we benefit from the growth opportunities in China’s customized enterprise services e-commerce market. The vast and steady growth in the number of businesses, in particular SMEs, in China has driven extensive demands for enterprise services. According to the iResearch Report, the number of market entities in China rapidly increased from 87.1 million in 2016 to 153.8 million in 2021 at a CAGR of 12.0%, and is expected to further increase to 224.7 million in 2025 at a CAGR of 9.9% from 2021. According to the iResearch Report, GDP contribution from SMEs reached 60% in 2020 and the number of SMEs accounted for over 97% of all market entities of China in 2021. However, due to limited budgets and lack of professional capabilities and technology know-how, SMEs are currently at a very early stage of digitization and face significant challenges in managing and growing their businesses. At the same time, the emergence of flexible employment has brought new vitality to the supply of enterprise services. With the rise of young

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professionals who prefer flexible and independent work arrangement, the number of professionals seeking flexible work arrangement in China has been rapidly increasing in recent years. According to the iResearch Report, the number of workers under flexible employment in China reached 200 million in 2021.

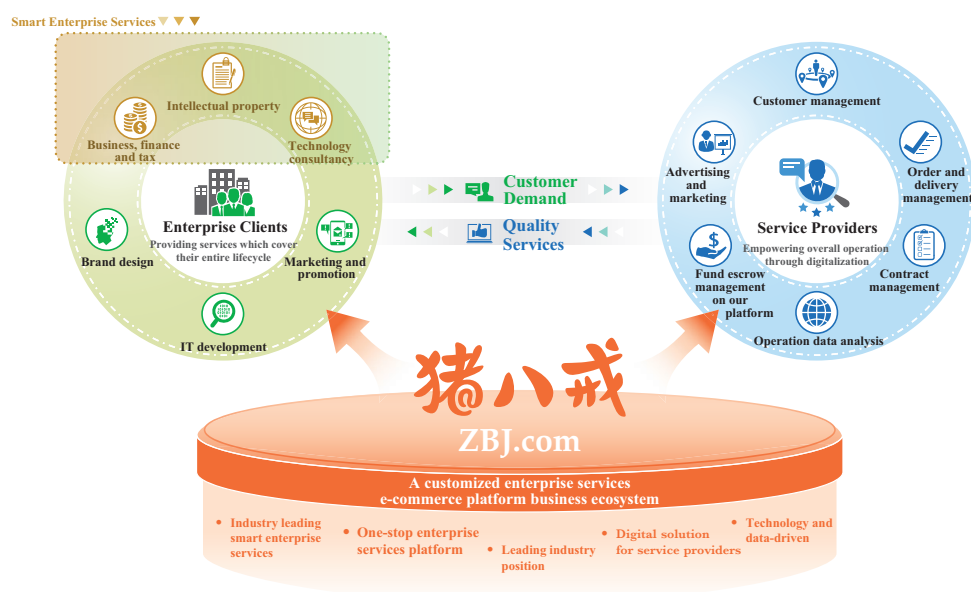
Under the traditional enterprise service model, enterprises not adopting e-commerce, digital platform or data-driven growth as business model face difficulties in efficiently finding high-quality service providers to meet their enterprise service needs as they have limited channels to reach and identify suitable service providers with the requisite professional skills, while service providers, which are often individuals, studios and SMEs, face difficulties in reaching their potential customers due to limits in their marketing channels and their geographical locations as well as difficulties in digitalizing their business operation to improve operation efficiency. The enterprise services e-commerce model provides a solution to address the above pain points of the traditional enterprise service model. Leveraging the innovation in technologies such as big data, AI and the digital tools developed to optimize the service quality and efficiency, the enterprises service e-commerce model can efficiently connect the supply-side and demand-side of enterprise services, thereby improving the service transaction experience of both sides. As a result, China’s customized enterprise services e-commerce market has been growing rapidly in recent years. In terms of GMV, the size of China’s customized enterprise services e-commerce market grew from RMB117.2 billion in 2017 to RMB428.0 billion in 2021, representing a CAGR of 38.2%, and is expected to further grow to RMB1,312.6 billion in 2026, representing a CAGR of 25.1% from 2021. In 2021, the customized enterprise services e-commerce market accounted for approximately 4.1% market share in China’s enterprise services market in terms of GMV.

Our business ecosystem and participants

The establishment of our ZBJ platform in 2006 originated from our idea of building a cross-regional enterprise service transaction platform in the Internet era that matches the service demands of enterprises with the best possible services provided by service providers. By connecting the supply-side and demand-side, our platform reduces the inefficiencies of searching for, negotiating, contracting and collaborating with, and paying skilled service providers for various types of enterprises services. As an early innovator in this industry, during the development of our platform, we had continuously enhanced our value propositions to our platform users, including enterprise clients and service providers, by using technologies such as big data and AI to connect enterprise clients with the best possible service providers for their services which, in turn, enables us to expand the business ecosystem of our platform. At present, we have established an enterprise services e-commerce platform ecosystem with an integrated online and offline platform network focusing on our enterprise clients and service providers.

We are committed to addressing the industry pain points encountered by our ecosystem participants and enhancing the value propositions for our ecosystem participants. The diagram below shows the interaction among our enterprise clients and service providers, the core participants of our ecosystem, and us. In addition to the diagram below, we also cooperate with the government and mid- and large-sized enterprise customers in connection with our industrial services business and government cooperation on regional enterprise service ecosystem promotion business.

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Our value proposition to our business ecosystem promotion

Our ZBJ platform is the core of our business ecosystem. Set forth below are the main participants in our ecosystem and the value propositions we bring to those participants.

Enterprise clients.

- We can precisely recommend and match service providers across different regions according to the needs of our enterprise clients, thereby reducing the transaction cost of our enterprise clients and improving their operating efficiency.
- A large number service providers have come to our platform to offer more than 650 types of high-quality services which enables enterprise clients who are often SMEs to obtain quality professional enterprise services as large-sized enterprises do.
- We also provide self-operated smart enterprise services including smart business, finance and taxation services, smart intellectual property services and smart technology consultancy services, which we believe are highly specialized enterprise services and not easily attainable from less sophisticated service providers. Moreover, such services have great market potential due to rigid customer demand.
- We have established an integrated online and offline services platform. Our ZBJ platform serves as our main online service delivery and customer acquisition platform. Our offline service network is composed of our directly-operated branches and franchisees for our smart business, finance and taxation services as well as industrial parks we operate all over China. Our offline service network allows us to directly reach out to our customers.

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Service providers.

- Leveraging our AI and big data technology, we provide service providers with easy access to a wide range of enterprise clients across different regions and lower their customer acquisition cost. We also provide service providers with service contract escrow services to ensure that they conveniently receive the payments from the enterprise clients for services delivered.
- We provide service providers with order and delivery management, contract management, customer management, fund escrow, operation data analysis, advertising and marketing and other digital operation tools to help them effectively improve the operating efficiency of their stores on our ZBJ platform.
- We have also developed Jin Dou Yun (筋斗雲) which is a SaaS application developed based on the store operation tools we provided to our service providers on our ZBJ platform. Through Jin Dou Yun SaaS application, we are able to expand our customer base from service providers on our ZBJ platform to enterprise service providers which are not on our platform.
- For our customers which are service agencies in the finance and tax industry, we provide the Jin Dou Yun (筋斗雲) (finance and tax industry) SaaS system, which offers digital operation and management tools to enhance the efficiency for finance and tax industry practitioners and agencies.

OUR CUSTOMERS AND SUPPLIERS

We have a vast and diverse customer base. We believe our major customers are small and medium-sized enterprises in various industries characterized by their small scale and fragmented nature. For each of the three years ended December 31, 2020, 2021 and 2022, we did not substantially rely on any single customer.

Our top five customers during the Track Record Period are primarily government and enterprise entities corresponding to our Government cooperation on regional enterprise services ecosystem promotion and smart enterprise services. Our largest customer accounted for 3.4%, 2.8% and 2.4%, respectively, of our total revenues for each of the three years ended December 31, 2020, 2021 and 2022. Our top five customers accounted for 7.7%, 9.2% and 7.9%, respectively, of our total revenues for each of the three years ended December 31, 2020, 2021 and 2022.

Our top five suppliers during the Track Record Period are primarily smart intellectual property services providers and venue suppliers. Our largest supplier accounted for 4.0%, 5.2% and 4.3%, respectively, of our total cost of sales and expenses for each of the three years ended December 31, 2020, 2021 and 2022. Our top five suppliers accounted for 7.9%, 10.8% and 10.6%, respectively, of our total cost of sales and expenses for each of the three years ended December 31, 2020, 2021 and 2022.

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OUR STRENGTHS

We believe the following competitive strengths have contributed to our success and will drive our future growth:

- A major customized enterprise services e-commerce platform;
- A one-stop enterprise services platform covering the service demands for entire lifecycle of enterprise;
- Smart enterprise services powered by our advanced technologies;
- An active platform and data-driven digital business solutions to foster the success of service providers;
- Strong technological capabilities and enhancement of our services through AI and big data technologies; and
- A visionary management team with strong execution capabilities

For further details, see “Business — Our Competitive Strengths”.

OUR STRATEGIES

To further drive our business growth, we intend to pursue the following strategies:

- Offering more diversified and quality services to more enterprise clients;
- Providing more job opportunities to more service providers;
- Strengthening platform capabilities and enhancing service efficiency by leveraging continuous technological innovations; and
- Exploring strategic cooperation, investments and mergers and acquisitions

For further details, see “Business — Our Strategies”.

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to [REDACTED] in our Shares. Some of the major risks we face include:

- Our historical growth rates may not be indicative of our future growth. If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected;
- We have incurred net losses in the past, and may not be able to maintain our profitability going forward;

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- Our business is subject to complex and evolving laws and regulations regarding cybersecurity and data privacy; and
- New products and services may subject us to additional risks.

KEY OPERATING DATA

The table below presents key features of our operating results during the Track Record Period.

	Year ended December 31,		
	2020	2021	2022
Number of customers completing transactions ⁽¹⁾	259,867	330,681	256,927
Gross merchandise value (GMV) (RMB million) ⁽²⁾	5,482.4	8,404.5	11,389.1
Average contract price per customer (RMB) ⁽³⁾	21,097	25,416	44,328
Repurchase rate ⁽⁴⁾	46.1%	53.2%	56.7%

- (1) The number of customers completing transactions is the number of customers who completed service orders on our platforms.
- (2) The gross merchandise value (GMV) is the transaction value of service orders completed on our platforms, including the value of the amount of the service orders on our platforms.
- (3) The average contract price per customer is calculated by dividing the gross merchandise value by the number of customers completing transactions.
- (4) The repurchase rate is the proportion of repurchasing customers to the total number of customers completing transactions in the given period. The repurchasing customers refer to customers who completed more than one transactions in the relevant period.

SUMMARY OF HISTORIAL FINANCIAL INFORMATION

The following tables present our summary historical financial information for the periods or as of the dates indicated. This summary has been derived from our historical financial information set forth in the Accountants’ Report in Appendix I to this document. The summary historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountants’ Report in Appendix I to this document, including the accompanying notes, and the information set forth in “Financial Information.” Our historical financial information was prepared in accordance with IFRS.

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Summary of Consolidated Statements of Comprehensive Income

The following table summarizes our results of operations for the periods indicated, with line items in absolute amounts and as percentages of our revenue for the periods indicated.

	For the year ended December 31,					
	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands)		(RMB in thousands)		(RMB in thousands)	
Continuing operations						
Revenue from contracts with customers	594,134	78.5	592,915	77.2	410,276	75.8
Revenue from government cooperative arrangements	162,944	21.5	174,875	22.8	131,112	24.2
Revenue	757,078	100.0	767,790	100.0	541,388	100.0
Cost of sales	(274,795)	(36.3)	(301,728)	(39.3)	(222,612)	(41.1)
Gross profit	482,283	63.7	466,062	60.7	318,776	58.9
Other income	88,150	11.6	65,415	8.5	67,344	12.4
Other net gain/(loss)	53,297	7.0	(116,545)	(15.2)	(13,450)	(2.5)
Selling and marketing expenses	(281,460)	(37.2)	(285,249)	(37.2)	(256,748)	(47.4)
Administrative expenses	(235,091)	(31.1)	(154,807)	(20.2)	(181,679)	(33.6)
Research and development expenses	(79,455)	(10.5)	(80,889)	(10.5)	(82,591)	(15.3)
Impairment loss on trade and other receivables	(267)	0.0	(5,699)	(0.7)	(8,049)	(1.5)
Impairment loss on debt investments	–	–	(200,000)	(26.0)	–	–
Other expenses	(9,340)	(1.2)	(27,567)	(3.6)	(39,393)	(7.3)
(Loss)/profit from continuing operation	18,117	2.4	(339,279)	(44.2)	(195,790)	(36.2)
Finance costs	(63,294)	(8.4)	(37,476)	(4.9)	(23,635)	(4.4)
Share of profits less losses of associates	3,059	0.4	2,243	0.3	(9,763)	(1.8)
Share of profits less losses of joint ventures	158	0.0	(584)	(0.1)	(1,183)	(0.2)
Loss before taxation from continuing operation	(41,960)	(5.5)	(375,096)	(48.9)	(230,371)	(42.6)
Income tax	(9,927)	(1.4)	9,188	1.2	1,996	0.4
Loss from continuing operations for the year	(51,887)	(6.9)	(365,908)	(47.7)	(228,375)	(42.2)
Discontinued operation⁽¹⁾						
Profit/(loss) from discontinued operation (net of income tax) for the year	(216,051)	(28.5)	(249)	(0.0)	–	–
Loss for the year	(267,938)	(35.4)	(366,157)	(47.7)	(228,375)	(42.2)
Attributable to						
Equity shareholders of the Company	(266,012)	(35.1)	(350,604)	(45.7)	(225,756)	(41.7)
Non-controlling interests	(1,926)	(0.3)	(15,553)	(2.0)	(2,619)	(0.5)
Loss for the year	(267,938)	(35.4)	(366,157)	(47.7)	(228,375)	(42.2)

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Note:

- (1) Following a strategic decision to place greater focus on our principal business, we entered into a plan to dispose our education business on December 31, 2020. In December 2021, we completed the disposal of our education business. As a result of the disposal, in accordance with the Group’s accounting policy set out in Note 2(aa) in the Accountants’ Report in Appendix I to this document, a single amount in the consolidated statement of profit or loss was presented in respect of the discontinued operation’s profit or loss for the year ended December 31, 2020 and 2021.

Summary of financial information by business line

Revenue

The following table sets forth a breakdown of our revenue by business line in absolute amounts and as a percentage of our total revenue for the periods indicated:

	For the year ended December 31,					
	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
(RMB in thousands, except percentages)						
Revenue from enterprise services platform .	146,298	19.3%	137,745	17.9%	114,282	21.1%
Revenue from smart enterprise services . .	332,627	43.9%	342,630	44.6%	225,333	41.6%
Revenue from industrial services	115,209	15.3%	112,540	14.7%	70,661	13.1%
Sub-total — Revenue from contracts with customers	594,134	78.5%	592,915	77.2%	410,276	75.8%
Revenue from government cooperative arrangements	162,944	21.5%	174,875	22.8%	131,112	24.2%
Total	757,078	100.0%	767,790	100.0%	541,388	100.0%

Revenue from Enterprise Services Platform

We derive revenue through provision of enterprise services on our enterprise services platform, namely our ZBJ platform, public procurement platform and intellectual property trading platform. The enterprise services we provide on our ZBJ platform include matching services, membership service, advertising service tools and subscription services, and for enterprise clients and service providers on our ZBJ platform as well as service-oriented enterprises that are not on our ZBJ platform.

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The following table sets forth a breakdown of our revenue from our enterprise services platform by service type in absolute amounts and as a percentage of our revenue from enterprise services platform for the periods indicated.

	For the year ended December 31,					
	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
(RMB in thousands, except percentages)						
Matching services	58,221	39.9%	41,735	30.3%	30,257	26.5%
Membership	29,293	20.0%	24,851	18.0%	26,548	23.2%
Advertising	44,251	30.2%	47,634	34.6%	27,880	24.4%
Tools and subscription services	14,533	9.9%	23,525	17.1%	29,597	25.9%
Total	146,298	100.0%	137,745	100.0%	114,282	100.0%

Revenue from Smart Enterprise Services

Revenue from our smart enterprise services are primarily derived from smart business, finance and taxation services, smart intellectual property services and smart technology consultancy services.

The following table sets forth a breakdown of our revenue of smart enterprise services by service type in absolute amounts and as a percentage of our revenues from smart enterprise services for the periods indicated.

	For the year ended December 31,					
	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
(RMB in thousands, except percentages)						
Smart business, finance and taxation services	157,690	47.4%	167,414	48.9%	140,429	62.3%
Smart intellectual property rights services	154,014	46.3%	147,383	43.0%	81,182	36.0%
Smart technology consultancy services	20,923	6.3%	27,833	8.1%	3,722	1.7%
Total	332,627	100.0%	342,630	100.0%	225,333	100.0%

Revenue from Industrial Services

Revenue from our industrial services is primarily derived from (i) entrepreneurship and innovation park services; and (ii) industrial solution services.

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The following table sets forth a breakdown of our revenue from industrial services by service type in absolute amounts and as a percentage of our revenue from industrial services for the periods indicated.

	For the year ended December 31,					
	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
(RMB in thousands, except percentages)						
Entrepreneurship and innovation park service	81,411	70.7%	82,645	73.4%	58,971	83.5%
Industrial solution services	33,798	29.3%	29,895	26.6%	11,690	16.5%
Total	115,209	100.0%	112,540	100.0%	70,661	100.0%

Revenue from government cooperation on regional enterprise service ecosystem promotion

Our revenue from government cooperative arrangements reflects the revenue we received for our government cooperation on regional enterprise service ecosystem 2020, 2021 and 2022, our revenue from government cooperative arrangements was RMB162.9 million, RMB174.9 million and RMB131.1 million, respectively, representing approximately 21.5%, 22.8% and 24.2% of our total revenue in the same period.

Gross Profit and Gross Margin

The following table sets forth our gross profit and gross profit margin by business line for the periods indicated:

	For the year ended December 31,					
	2020		2021		2022	
	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %
(RMB in thousands, except percentages)						
Enterprise services platform	128,797	88.0	130,379	94.7	105,177	92.0
Smart enterprise services	215,371	64.7	202,468	59.1	123,683	54.9
Industrial services	56,540	49.1	52,440	46.6	30,174	42.7
Government cooperation on regional enterprise service ecosystem promotion	81,575	50.1	80,775	46.2	59,742	45.6
Total	482,283	63.7	466,062	60.7	318,776	58.9

Enterprise services platform business

Gross profit from our enterprise services platform business decreased by 19.3% from RMB130.4 million in 2021 to RMB105.2 million in 2022. The gross profit margin of enterprise services platform business decreased from 94.7% in 2021 to 92.0% in 2022. The decrease of gross profit and gross profit margin is primarily attributable to the decrease in revenue from enterprise services platform business and the increase in cost of sales, mainly due to the increase in other costs such as technical service fees and communication fees.

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Gross profit from our enterprise services platform business remained relatively stable in 2021 as compared with that in 2020. The gross profit margin of enterprise services platform business increased from 88.0% in 2020 to 94.7% in 2021. The increase of gross profit margin was primarily attributable to the improvements in our platform system operations and the 57.9% decrease in the related costs of the enterprise services platform business, mainly due to the reduction of technology outsourcing services and server hosting services we purchased.

Smart enterprise services business

Gross profit from our smart enterprise services business decreased by 38.9% from RMB202.5 million in 2021 to RMB123.7 million in 2022. The gross profit margin of smart enterprise services business decreased from 59.1% in 2021 to 54.9% in 2022. The decrease of gross profit and gross profit margin is primarily attributable to the decrease in revenue from smart enterprise services business, mainly due to the decrease in revenue from smart intellectual property rights services as a result of the intensified competition in the smart intellectual property service market leading to a decrease in the average service fee of our smart intellectual property services.

Gross profit from our smart enterprise services business decreased by 6.0% from RMB215.4 million in 2020 to RMB202.5 million in 2021. The gross profit margin of smart enterprise services business decreased from 64.7% in 2020 to 59.1% in 2021. The decrease of gross profit and gross profit margin was primarily attributable to the intensified competition in the smart intellectual property service market, resulting in a decrease in its revenue and an increase in the related cost of sales.

Industrial services business

Gross profit from our industrial services business decreased by 42.4% from RMB52.4 million in 2021 to RMB30.2 million in 2022. The gross profit margin of industrial services business decreased from 46.6% in 2021 to 42.7% in 2022. The decrease of gross profit and gross profit margin is primarily attributable to the decrease in revenue outpacing the decrease in cost of sales of our industrial services business over the same period, mainly due to the decrease in revenue from entrepreneurship and innovation park service and industrial solutions services as a result of the decrease in the demand of our services impacted by the COVID-19 pandemic.

Gross profit from our industrial services business decreased by 7.3% from RMB56.5 million in 2020 to RMB52.4 million in 2021. The gross profit margin of industrial services business decreased from 49.1% in 2020 to 46.6% in 2021. The decrease in gross profit and gross margin was attributable to the slight decrease in revenue and slight increase in cost of sales for our industrial services business over the same period.

Government cooperation on regional enterprise service ecosystem promotion business

Gross profit from our government cooperation on regional enterprise service ecosystem promotion business decreased by 26.1% from RMB80.8 million in 2021 to RMB59.7 million in 2022. The decrease of gross profit is primarily attributable to the government’s delayed procurement of related services which resulted in a 25.0% decrease in government cooperation on regional enterprise service ecosystem promotion revenue. The gross profit margin of our government cooperation on regional enterprise service ecosystem promotion business slightly decreased from 46.2% in 2021 to 45.6% in 2022.

SUMMARY

Gross profit from our government cooperation on regional enterprise service ecosystem promotion business remained relatively stable at RMB81.6 million in 2020 and RMB80.8 million in 2021. The gross profit margin of government cooperation on regional enterprise service ecosystem promotion business decreased from 50.1% in 2020 to 46.2% in 2021. The decrease in gross margin was primarily due to the fact that the increase in our service procurement expenses outpaced the increase in our revenue for this business line.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,			As of February 28,
	2020	2021	2022	2023
	(RMB in thousands)			(unaudited)
Current assets				
Financial assets measured at fair value through				
profit or loss	456,473	8,166	–	–
Contract costs	–	–	7,326	7,326
Trade and other receivables	84,177	93,247	55,846	57,685
Prepayments and deposits	46,504	53,597	62,393	63,186
Restricted cash	7,950	6,831	17,296	51,606
Cash and cash equivalents	568,928	424,276	316,990	253,852
Taxation recoverable	10,000	16,221	17,521	17,521
Assets held for sale	4,505	267,220	–	–
Total current assets	<u>1,178,537</u>	<u>869,558</u>	<u>477,372</u>	<u>451,176</u>
Current liabilities				
Trade and other payables	307,036	250,987	222,166	240,191
Contract liabilities	267,981	252,387	196,056	187,037
Bank loans and other borrowings	306,500	211,500	32,000	32,000
Lease liabilities	63,442	82,053	58,158	50,190
Financial instruments issued to investors	1,296,624	1,245,128	132,378	133,378
Deferred income	372,575	245,207	139,022	126,669
Taxation payable	12,556	9,988	11,210	11,202
Provisions	358	897	1,409	1,409
Liabilities directly associated to				
assets classified as held for sale	227	78,120	–	–
Total current liabilities	<u>2,627,299</u>	<u>2,376,267</u>	<u>792,399</u>	<u>782,076</u>
Net current liabilities	<u>(1,448,762)</u>	<u>(1,506,709)</u>	<u>(315,027)</u>	<u>(330,900)</u>

SUMMARY

As of February 28, 2023, we had net current liabilities of RMB330.9 million, a increase of 5.0% as compared with net current liabilities of RMB315.0 million as of December 31, 2022, representing the fluctuation within the normal range.

As of December 31, 2022, we had net current liabilities of RMB315.0 million, a decrease of 79.1% as compared to net current liabilities of RMB1,506.7 million as of December 31, 2021, primarily due to our reclassification of financial instruments issued to investors to equity of RMB1,120.6 million in August 2022, resulting in the decrease in current liabilities.

As of December 31, 2021, we had net current liabilities of RMB1,506.7 million, an increase of 4.0% compared to net current liabilities of RMB1,448.8 million as of December 31, 2020, primarily due to a decrease in investment in financial assets measured at fair value through profit or loss of RMB448.3 million and a decrease in cash and cash equivalents of RMB144.7 million, which was partially offset by a decrease in deferred income of RMB127.4 million, a decrease of RMB95.0 million in bank loans and other borrowings, a decrease of RMB56.0 million in trade and other payables and a decrease of RMB51.5 million in financial instruments issued to investors issued to investors, the combined effect of the above resulting in an increase in net current liabilities.

Summary of the Consolidated Statement of Cash Flows

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

	For the year ended December 31,		
	2020	2021	2022
	<i>(RMB in thousands)</i>		
Net cash used in operating activities	(34,962)	(93,886)	(202,586)
Net cash generated from investing activities	143,075	281,571	283,625
Net cash generated/(used in) from financing activities	96,331	(311,144)	(210,171)
Net increase/(decrease) in cash and cash equivalents	204,444	(123,459)	(129,132)
Cash and cash equivalents at January 1	365,133	569,579	446,118
Impact of exchange rate changes on cash and cash equivalents	2	(2)	4
Cash and cash equivalent of a disposal group classified as held for sale.	(651)	(21,842)	—
Cash and cash equivalents at December 31	568,928	424,276	316,990

SUMMARY

We recorded net operating cash outflows of RMB35.0 million, RMB93.9 million and RMB202.6 million for the years ended December 31, 2020, 2021 and 2022, respectively, primarily attributable to our loss for the period before tax adjusted for non-cash items, such as depreciation and amortization and the effects of changes in our working capital. See the section headed “Financial Information — Liquidity and Capital Resource” for more details.

Non-IFRS Measures

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

We define adjusted EBITDA as EBITDA (which is loss for the year plus income tax credit/(expenses), depreciation and amortization expenses and net finance costs) for the year adjusted by adding (i) expenses incurred by us in preparation for the [REDACTED]; (ii) changes in fair value of our equity investments through profit or loss; (iii) impairment loss on assets held for sales; (iv) impairment loss on debt investment; (v) impairment loss on right-of-use assets; and (vi) equity settled share-based payment expenses.

We define adjusted net (loss)/profit from continuing operation for the year as loss from continuing operation for the year adjusted by adding (i) expenses incurred by us in preparation for the [REDACTED]; (ii) changes in fair value of our equity investment through profit or loss; (iii) impairment loss on assets held for sales; (iv) impairment loss on debt investment; (v) Impairment loss on right-of-use assets; (vi) equity settled share-based payment expenses; and (vii) of our equity investments interest on financial instruments issued to investors.

SUMMARY

The following table sets out EBITDA and adjusted EBITDA and a reconciliation from loss from continuing operation for the year to EBITDA and adjusted EBITDA for the periods indicated:

	For the year ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Loss from continuing operation			
for the year	(51,887)	(365,908)	(228,375)
Add:			
Income tax	9,927	(9,188)	(1,996)
Depreciation and amortization expenses	154,414	123,477	95,409
Finance costs	63,294	37,476	23,635
EBITDA (non-IFRS measure)	175,748	(214,143)	(111,327)
Add:			
[REDACTED] ⁽¹⁾	–	–	5,759
Net (gain)/loss on equity investments measured at FVPL ⁽²⁾	(36,436)	125,959	22,439
Impairment loss on assets held for sales ⁽³⁾	–	5,497	–
Impairment loss on debt investment ⁽⁴⁾	–	200,000	–
Impairment loss on right-of-use assets ⁽⁵⁾	–	–	28,934
Equity settled share-based payment expenses ⁽⁶⁾	57,435	4,291	33,245
Elimination of inter-segment profit	325	25	–
Adjusted EBITDA (non-IFRS measure)	197,072	121,629	(20,950)

Notes:

- (1) [REDACTED] are non-recurring items in nature and are not directly related to our operating activities.
- (2) Net (gain)/loss on equity investments measured at FVPL reflects our net (gain)/loss on our equity investment. Such changes are non-cash in nature and are not directly related to our operating activities.
- (3) Impairment loss on assets held for sales is non-cash in nature and is not directly related to our operating activities.
- (4) Impairment loss on debt investment reflects the impairment of our indirect debt investment which is non-recurring in nature and not directly related to our operating activities.
- (5) An impairment loss of RMB28,934,000 was recognized in profit or loss before the disposal of the land use right in 2022. The land use right was disposed and the consideration was received in December 2022.
- (6) Equity settled share-based payment expenses relates to our 2016 employee share plan. The equity settled share-based payment is non-cash in nature and not directly related to our operating activities.

SUMMARY

The following table reconciles our adjusted net (loss)/profit for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is loss from continuing operation for the year:

	For the year ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Loss from continuing operation			
for the year	(51,887)	(365,908)	(228,375)
Add:			
[REDACTED] ⁽¹⁾	–	–	5,759
Net (gain)/loss on equity investments			
measured at FVPL ⁽²⁾	(36,436)	125,959	22,439
Impairment loss on assets			
held for sales ⁽³⁾	–	5,497	–
Impairment loss on debt investment ⁽⁴⁾ . .	–	200,000	–
Impairment on right-of-use assets ⁽⁵⁾	–	–	28,934
Equity settled share-based payment			
expenses ⁽⁶⁾	57,435	4,291	33,245
Interest on financial instrument			
issued to investors ⁽⁷⁾	26,684	10,364	7,825
Adjusted net (loss)/profit for			
the year (non-IFRS measure)	<u>(4,204)</u>	<u>(19,797)</u>	<u>(130,173)</u>

Notes:

- (1) [REDACTED] are non-recurring items in nature and are not directly related to our operating activities.
- (2) Net (gain)/loss on equity investments measured at FVPL reflects our net (gain)/loss on our equity investment. Such changes are non-cash in nature and are not directly related to our operating activities.
- (3) Impairment loss on assets held for sales is not directly related to our operating activities.
- (4) Impairment loss on debt investment reflects the impairment of our indirect debt investment which is non-recurring in nature and not directly related to our operating activities.
- (5) An impairment loss of RMB28,934,000 was recognized in profit or loss before the disposal of the land use right in 2022. The land use right was disposed and the consideration was received in December 2022.
- (6) Equity settled share-based payment expenses relates to our 2016 employee share plan. The equity settled share-based payment is non-cash in nature and not directly related to our operating activities.
- (7) Interest on financial instrument issued to investors is financial liabilities we recognize in connection with our redemption obligations for our Pre-[REDACTED] investments. Such item is non-cash in nature and not directly related to our operating activities.

SUMMARY

Key Financial Ratios

The table below sets forth, as of the dates or for the periods indicated, certain financial ratios:

	Year ended/As of December 31,		
	2020	2021	2022
Current ratio (times) ⁽¹⁾	0.4	0.4	0.6
Total gross profit margin ⁽²⁾	63.7%	60.7%	58.9%
Adjusted EBITDA margin ⁽³⁾	26.0%	15.8%	(3.9%)

Notes:

- (1) Current ratio represents current assets as of a record date divided by current liabilities as of the same record date.
- (2) Total gross profit margin represents gross profit for a period divided by revenue for the same period.
- (3) Adjusted EBITDA margin represents adjusted EBITDA for the period divided by revenue for the same period.

As of December 31, 2020, 2021 and 2022, our current ratio was 0.4, 0.4 and 0.6, respectively. The low current ratios is mainly due to the fact that special shareholder rights are recognized as financial instruments issued to investors in our current liabilities. Our current ratio remained stable at 0.4 as of December 31, 2020 and December 31, 2021. Our current ratio increased from December 31, 2021 to December 31, 2022, mainly due to our reclassification of financial instruments issued to investors to equity of RMB1,120.6 million in August 2022, resulting in the significant decrease in current liabilities.

In 2020, 2021 and 2022, our total gross margin was 63.7%, 60.7% and 58.9%, respectively. The decrease in total gross profit margin from 63.7% in 2020 to 60.7% in 2021 was mainly due to the fact that the 1.4% increased revenue from 2020 to 2021 was outpaced by the 9.8% increased cost of sales over the same period. Our total gross profit margin decreased slightly from 60.7% in 2021 to 58.9% in 2022, mainly because the 26.2% decreased cost of sales was outpaced by the 29.5% decreased revenue over the same period.

In 2020, 2021 and 2022, our adjusted EBITDA margin was 26.0%, 15.8% and negative 3.9%, respectively. Adjusted EBITDA margin decreased from 26.0% in 2020 to 15.8% to 2021, mainly due to the increase in cost of sales and an impairment loss on debt investments of RMB200.0 million in 2021. Adjusted EBITDA margin decreased to negative 3.9% in 2022, mainly due to a decrease in revenue by 29.5% from RMB767.8 million in 2021 to RMB541.4 million in 2022.

SUMMARY

DIVIDEND

We did not pay any dividends to shareholders during the Track Record Period. Our Board may declare dividends in the future after taking into account our financial and business conditions, earnings, capital requirements and other factors as it may deem relevant at such time. Any declaration and payment, as well as the amount of, dividends will be subject to the requirements of our constitutional documents and PRC laws. Our Shareholders in general meeting must approve any declaration of dividends, which may not exceed the amount recommended by our Board. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, our Founder, Mr. Zhu (through Bajie Industrial and Duilong GLZ), Mr. Liu and Mr. Zhu Tao held approximately 28.09%, 1.12% and 1.35% of the total issued share capital of our Company, respectively. Pursuant to the Concert Party Agreement, Mr. Liu and Mr. Zhu Tao have confirmed that they have been acting in concert with Mr. Zhu since the establishment of the Company and will continue to act in concert with Mr. Zhu after the [REDACTED]. For further details, see the section headed “History, Development and Corporate Structure — Parties Acting in Concert” in this document. Consequently, Mr. Zhu, Mr. Liu and Mr. Zhu Tao, which constitute our Single Largest Group of Shareholders, were collectively entitled to exercise the voting rights attached to approximately 30.55% of the total issued Shares of our Company as of the Latest Practicable Date and constituted a group of controlling shareholders (as defined under the Listing Rules) before the [REDACTED].

Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), the Single Largest Group of Shareholders will be entitled to exercise the voting rights attached to approximately [REDACTED]% of the enlarged issued share capital of our Company, comprising [REDACTED]% to be held by Mr. Zhu (through Bajie Industrial and Duilong GLZ), [REDACTED]% to be held by Mr. Liu and [REDACTED]% to be held by Mr. Zhu Tao. Accordingly, our Company will not have any controlling shareholder (as defined under the Listing Rules) upon completion of the [REDACTED]. For details of the shareholding of our Single Largest Group of Shareholders, see the section headed “Substantial Shareholders” in this document.

PRE-[REDACTED] INVESTMENTS

Since our incorporation, we have completed several rounds of equity financing in the past few years. We have received investments from a member of our Single Largest Group of Shareholders, private equity funds, stated-owned funds and companies, and an individual investor. For further information, see “History, Development and Corporate Structure — Pre-[REDACTED] Investments.”

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute partially exempt continuing connected transactions under Chapter 14A of the Listing Rules after the [REDACTED]. Further particulars about such transactions together with the application for a waiver from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules are set out in “Connected Transactions”.

SUMMARY

IMPACT OF THE COVID-19 PANDEMIC

Since the third quarter of 2022, there has been a recurrence of the COVID-19 pandemic in certain areas of China. The Chinese government took certain emergency measures including travel restrictions, mandatory quarantines, limitations on public gatherings, and lockdowns of certain cities or regions, which adversely impacted the broad enterprise service industry in China in 2022. Under such circumstances, our results of operations for the year ended December 31, 2022 were negatively affected due to the impact of the COVID-19 pandemic on the businesses of our customers, the majority of which are small and medium-sized enterprises. In addition, the lockdowns in cities or regions where we operate had a negative impact on our offline services such as smart enterprise services, industrial services and government cooperation on regional enterprise service ecosystem promotion. The impact of the COVID-19 pandemic on each of our business lines are set out below.

- **Enterprise Services Platform.** Our enterprise service platform was negatively impacted as we faced decreased customer demands due to prolonged outbreak of COVID-19. In particular, the decrease in revenue from our advertisement services and matching services caused the decrease in our revenues from enterprise service platform in 2022 as compared to 2021. The decrease was partially offset by the increase in revenues from our membership services and tools and subscription services. The decrease in revenue from our advertisement services was caused by the decrease in the number of paying customers of our advertisement services from 3,146 in 2021 to 2,917 in 2022 as a result of the decrease in demand for our advertisement services. The decrease in revenue for our matching services was mainly due to the decrease in commission for our intellectual property trading services.
- **Smart Enterprise Services.** Sales through our offline sales channel including our directly-operated branches and franchisees which involve in-person sales were also impacted by quarantines and lockdowns. In addition, the prolonged outbreak of COVID-19 also negatively impacted on the customer demands on our smart enterprise services. Revenue from smart enterprise services decreased by 34.2% from RMB342.6 million in 2021 to RMB225.3 million in 2022, mainly because revenue from our smart intellectual property services decreased by 44.9% from RMB147.4 million in 2021 to RMB81.2 million in 2022. This decrease was mainly due to (i) the decrease in our customers’ ability to pay for our services, which was caused by the adverse impact of COVID-19 pandemic, and (ii) the intensified competition in smart intellectual property service market, leading to a decrease in the average service fee of our smart intellectual property services. Specifically, due to a 34.1% decrease in the number of paying customers and a 16.4% decrease in ARPU, revenue from smart intellectual property services decreased by 44.9% from RMB147.4 million in 2021 to RMB81.2 million in 2022. In addition, the revenue from our smart business, finance and taxation services decreased by 16.1% from RMB167.4 million in 2021 to RMB140.4 million in 2022, which was due to the decrease in ARPU by 22.8%.

SUMMARY

- **Industrial Services.** Our industrial services was also negatively impacted by the COVID-19 outbreak. Both of our operation of entrepreneurship and innovation park services and industrial solution services were impacted as there were less customer demands for both services. The number of paying customers for our entrepreneurship and innovation park operation services decreased from 3,734 in 2021 to 3,042 in 2022. The number of paying customers for our industrial solution services decreased from 834 in 2021 to 358 in 2022. In 2022, due to the adverse impact of COVID-19 pandemic, the occupancy rate of entrepreneurship and innovation parks decreased, and we closed certain parks with low operational efficiencies. As such, revenue from entrepreneurship and innovation park services decreased by 28.6% from RMB82.6 million in 2021 to RMB59.0 million in 2022.
- **Government Cooperation on Regional Enterprise Service Ecosystem Promotion.** Our government cooperation on regional enterprise service ecosystem promotion business was impacted by a delay of procurement of such services by local governments.

We believe that such impacts were primarily driven by industry-wide influences of the COVID-19 pandemic, and did not represent an adverse change to our competitive position within the industry, or our business prospects in the long term. In view of the potential impacts of the COVID-19 pandemic, we have implemented certain measures to enhance our business operations and sustainability. For details of our measures taken in respect of the COVID-19 pandemic, please see the section headed “Business — Our Contingency Plan and Responses towards the COVID-19 Pandemic” in this document.

RECENT DEVELOPMENT

Recent Development of Our Business Operations

In February 2023, we adjusted the service offerings for our membership services, among which we no longer offer reduction or waiver of commissions for our matching services that we previously offered to our members. For details, please refer to “Business — Our Service Offerings — Enterprise Services Platform — Membership Services for Service Providers.”

Relaxation of China’s COVID-19 Control Measures

China began to modify its zero-COVID policy at the end of 2022, and most of the travel restrictions and quarantine requirements were lifted in December 2022. However, there remains uncertainty as to the future impact of the virus, especially in light of this change in policy. The extent to which the pandemic impacts our results of operations going forward will depend on future developments, which are highly uncertain and unpredictable, including the frequency, duration and extent of outbreaks of COVID-19, the effectiveness of efforts to contain or treat cases, and future actions that may be taken in response to these developments. China may experience lower domestic consumption, higher unemployment and greater economic uncertainty, which may impact our business in a materially negative way as consumers curtail their consumption behavior in response to potential economic hardship. Since the modification of the zero-COVID policy, we have resumed our business development activities with our existing and potential small and medium-sized enterprise customers that were previous stalled by COVID-related restrictions. Nonetheless, our customers will need time to recover from the economic effects of the pandemic even after business

SUMMARY

conditions begin to return to normal. Consequently, the COVID-19 pandemic may continue to materially and adversely affect our business, financial condition and results of operations in the current and future years.

No Material Adverse Change

Our Directors confirm that, save as disclosed above, since December 31, 2022, being the date to which our latest audited accounts were made up and the end of the period reported on in the Accountants’ Report, and up to the date of this document, there has been no material adverse change in our operations or financial or trading position, and no event has occurred that would materially and adversely affect the information shown in the consolidated financial statements of our Group included in the Accountants’ Report set out in Appendix I to this document.

[REDACTED]

All statistics in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] [REDACTED] are issued pursuant to the [REDACTED]; and (ii) unless stated otherwise, [REDACTED] Shares are issued and outstanding following the completion of the [REDACTED].

	Based on an [REDACTED] of HK\$[REDACTED] per Share	Based on an [REDACTED] of HK\$[REDACTED] per Share
Market capitalization of our Shares ⁽¹⁾	[REDACTED]	[REDACTED]
[REDACTED] attributable to equity shareholders of the Company per Share ⁽²⁾	[REDACTED]	[REDACTED]

Notes:

- (1) The calculation of market capitalization is based on [REDACTED] shares expected to be in issue immediately upon completion of the [REDACTED].
- (2) The unaudited [REDACTED] adjusted consolidated net tangible asset per Share as of December 31, 2022 is calculated after making the adjustments referred to in Appendix II.

For the calculation of the unaudited [REDACTED] adjusted net tangible asset value per Share attributed to our Shareholders, see the section headed “[REDACTED]” in Appendix II.

[REDACTED]

The estimated total [REDACTED] (based on the mid-point of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised and all discretionary incentive fees in the [REDACTED] are paid in full) in relation to the [REDACTED] are approximately [REDACTED] (approximately [REDACTED]), or approximately [REDACTED] of [REDACTED] of the [REDACTED], of which [REDACTED] (approximately [REDACTED]) was or will be charged as administrative expenses to our consolidated statements of profit or loss and other comprehensive income and [REDACTED] (approximately [REDACTED]) was or will be charged against equity upon the [REDACTED].

SUMMARY

For the years ended December 31, 2020, 2021 and 2022, [REDACTED] charged to profit or loss were [REDACTED], [REDACTED] and [REDACTED] (approximately [REDACTED]), respectively. We expect to charge the estimated remaining [REDACTED] of [REDACTED] (approximately [REDACTED]) to profit or loss during the year ending December 31, 2023 and to capitalize approximately [REDACTED] (approximately [REDACTED]) following the [REDACTED]. Our Directors do not expect such expenses to have a material and adverse impact on our financial results in 2023.

The [REDACTED] (based on the mid-point of our indicative price range for the [REDACTED] and assuming that the [REDACTED] is not exercised and all discretionary incentive fees in the [REDACTED] are paid in full) we incurred during the Track Record Period and expect to incur for this [REDACTED] would consist of (1) approximately [REDACTED] (approximately [REDACTED]) in [REDACTED]-related expenses, and (2) approximately [REDACTED] (approximately [REDACTED]) in non-[REDACTED]-related expenses, which include (i) approximately [REDACTED] (approximately [REDACTED]) in fees and expenses of legal advisors and accountants, and (ii) approximately [REDACTED] (approximately [REDACTED]) in other fees and expenses.

BUSINESS SUSTAINABILITY

Over the past sixteen years, we have become a leading comprehensive enterprise services platform in China. We have accumulated a large number of enterprise clients, service providers and government customers and a large amount of user data in our business ecosystem. In addition, we have developed AI technology which allows us to gain insights into the needs of our platform users and customers. Our results were negatively impacted in 2022 as the widespread lock-down in China had a significant and negative impact on our customers which are mostly small and medium-sized enterprises. We believe that the core factors for our future business profitability are:

Geographical advantage: China’s enterprise services market has large potential for growth, and the vast number of SMEs drives the market demands, which will continue to increase

We believe that we benefit from the growth opportunities in China’s customized enterprise services e-commerce market. The vast and steady growth in the number of businesses, in particular SMEs, in China has driven the extensive demands for enterprise services. According to the iResearch Report, the number of market entities in China rapidly increased from 87.1 million in 2016 to 153.8 million in 2021 at a CAGR of 12.0%, and is expected to further increase to 224.7 million in 2025 at a CAGR of 9.9% from 2021. According to the iResearch Report, GDP contribution from SMEs reached 60% in 2020 and the number of SMEs accounted for over 97% of all market entities of China in 2021. However, due to limited budgets and lack of professional capabilities and technology know-how, SMEs are currently at a very early stage of digitization and face significant challenges in managing and growing their businesses. At the same time, the emergence of flexible employment has brought new vitality to the supply of enterprise services. With the rise of young professionals who prefer flexible and independent work arrangement, the number of professionals seeking flexible work arrangement in China has been rapidly increasing in recent years. According to the iResearch Report, the number of workers under flexible employment in China reached 200 million in 2021.

SUMMARY

With the transformation of employment arrangements and the rise of flexible employment, it is impossible for SMEs to employ many professionals such as designers, programmers and accountants in the long-term. Our one-stop, full lifecycle comprehensive enterprise services platform, using advanced digital technology, breaks through the constraints of time and space to efficiently match and address the client demands. The demands for our services will continue to expand after the effects of the COVID-19 pandemic subside. We believe with brand recognition, leading market share and the accumulation of massive user data on our platform, we will be able to capitalize on the industry growth opportunities by launching more targeted products and services, which is the most critical factor that will support our long-term sustainable operation.

Opportune timing: We have completed the nationwide business expansion with integrated online and offline network, and we are about to enter the period of return for [REDACTED] made in connection with our business expansion

During the Track Record Period, we have completed the third stage of our business development by setting up our offline network, attracting more service providers in our business ecosystem, and improving our ability to deliver services to our local customers. As of December 31, 2022, our offline service network covered 30 provinces and municipalities across China. In the fourth stage of our business development, we will focus on further refining and cultivating our business relationships with our customers. In terms of profit model, we will also accelerate the commercialization of our enterprise services platform. We anticipate that the growth of our revenue will mainly be driven by our enterprise services platform and smart enterprise services businesses. By leveraging our brand value and our consistent R&D investment in precision matching and affiliate marketing, we expect that the efficiency of our marketing and management efforts will continue to improve. As a result, our operating expenses (including selling and marketing expenses, R&D expenses and administrative expenses) as a percentage to our revenue will continue to decrease in the future. For example, we expect that our administrative expenses as a percentage of revenue will be greatly reduced in the future. At the same time, the non-recurring profit-and-loss items which are one-time, non-cash in nature and not directly related to our business operation will be reduced in the future. We believe that the factors mentioned above will contribute to our ability to be profitable in the future. The increase in the ratio of our operating expenses (including selling and marketing expenses, R&D expenses and administrative expenses) to revenue in 2022 was due to the 29.5% decline of our revenue caused by the outbreak of the COVID-19 epidemic.

Relations with participants in our ecosystem: Our large user base, massive transaction data, and mature AI algorithms enable us to promote repurchase of more services or products

Over the years, supported by our strategy of prioritizing the development of an enterprise services platform ecosystem over the commercialization of our platform, we have diversified our business model from simply meeting the demands of enterprise clients to meeting the demands of government customers, which formed four major sources of revenue: “enterprise services platform + smart enterprise services + industrial services + government cooperation on regional enterprise service ecosystem promotion”, which has not only expanded our customer base and activated the platform ecosystem, but has also created new revenue growth points, allowed us to better balance our short-term and long-term interests. From 2020 to 2022, the aggregated GMV of the platforms we operate has increased rapidly from RMB5,482.4 million to RMB11,389.1 million, the average contract price per customer has increased from RMB21,097 to RMB44,328, and the repurchase rate has increased from 46.1% to 56.7%. We are well-positioned to gain deeper insights into the needs of our existing customers.

SUMMARY

Over the years, we have continued to invest in R&D. As of December 31, 2022, we had 47 patents and 428 software copyrights. Also, we have in-depth technical knowledge in the fields of AI and big data analysis, which can improve our services and platform matching efficiency. Meanwhile, through strengthening our transaction procedures and guarantee system and enhancing the stickiness of enterprise clients and service providers to increase brand influence and loyalty, we focus on expanding the product offerings and supply capabilities of our enterprise services platform and smart enterprise services, and we have established a customer-oriented unified marketing organization and system to further cultivate key cities, improve marketing efficiency, and increase repurchase of products.

Please see “Business — Business Sustainability” for more details.

[REDACTED]

The table below sets forth the estimated [REDACTED] of the [REDACTED] which we will receive after deduction of [REDACTED] and commissions and estimated expenses payable by us in connection with the [REDACTED] (assuming the [REDACTED] is not exercised):

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED]	HK\$[REDACTED]
(being the low end of the [REDACTED] stated in this document)	million
Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED]	HK\$[REDACTED]
(being the mid-point of the [REDACTED] stated in this document)	million
Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED]	HK\$[REDACTED]
(being the high end of the [REDACTED] stated in this document)	million

We intend to use the [REDACTED] as follows (based on the mid-point of the [REDACTED] stated in this document):

- approximately [REDACTED]%, or [REDACTED], will be used over the next five years to expand our user base, improve the ecosystem of our business and enhance our commercialization capability;
- approximately [REDACTED]%, or [REDACTED], will be used over the next five years to enhance our research and development efforts on technology to strengthen and increase the competitiveness of our business;
- approximately [REDACTED]%, or [REDACTED], will be used over the next five years to selectively pursue strategic investments and acquisition opportunities; and
- the remaining approximately [REDACTED]%, or [REDACTED], will be used for working capital and general corporate purposes.

For further details, see “Future Plans and [REDACTED]” in this document.