SUMMARY

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 H Shares.*

There are risks associated with any [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in our H Shares 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 H Shares.*

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

OVERVIEW

Our Mission

Make global commerce easy through digitalization.

Who We Are

We provide digital payment services and value-added services to enable global commerce and improve the efficiency of fund and information flow.

We believe that payment is one of the key pillars for global commerce and plays a critical role in digitalizing business activities. Leveraging our global payment network, we bring global markets to local businesses around the world through digital transformation which enhances transactional and operational efficiencies. Supported by our extensive technological capabilities, we are committed to developing the digital future of global commerce.

We are one of the first digital technology companies in China to provide a full suite of payment solutions on a global scale, according to Frost & Sullivan. Our integrated digital payment solutions include digital payment services and value-added services. Our digital payment services primarily include pay-in, pay-out, acquiring, foreign exchange, virtual card and payment aggregation. Our value-added services include business services and technology services. Under business services, we provide digital marketing, operation support and referral services. Under technology services, we provide account and e-wallet and software development services.

Through developing and providing comprehensive solutions to merchants and enterprises in China and around the world, we have gained deep insights into global commerce across different industries. As of December 31, 2022, we had served over 1.8 million merchants and enterprises globally from various industries, including e-commerce, retail, travel, logistics, education, real estate and manufacturing, among others, with a total transaction payment volume ("**TPV**") of digital payment services of RMB1,153.0 billion in 2022.

We have accumulated a wealth of experience, know-how and competencies in navigating the complex legal and regulatory environment for global commerce. This enables us to provide customers with solutions that are adapted for the regulatory requirements, paving the way for compliant, secure and reliable fund and information flow. Among all the China-based digital payment solution providers, we have the broadest global business outreach and license coverage, and we are the only one holding all state-level money transmitter licenses in the United States, according to Frost & Sullivan. As of the Latest Practicable Date, leveraging our global license layout consisting of 64 payment licenses and relevant qualifications and collaboration with business partners, we are able to serve customers through our global payment network that covers over 100 countries and regions and supports transactions in over 130 currencies.

Our proprietary technology platform is the key to our business operation and success. This in-house built technology platform embeds stable, secure and flexible systems that cover payment, fund transfer, global fund distribution, intelligent FX processing, intelligent risk management, intelligent AML assessment and transaction authenticity verification. Furthermore, our technology platform integrates seamlessly with major e-commerce platforms globally, as well as the internal operating and financial systems of our customers, providing a one-stop comprehensive digital solutions to meet their business needs. As a digital technology company, we continue to drive business growth and solution evolution through the application of advanced technologies. We are exploring the application of blockchain technology to further develop our business. For instance, we are preparing to submit an application for the virtual asset service provider license to the Securities and Futures Commission of Hong Kong to establish a virtual asset trading platform in Hong Kong.

We are dedicated to working closely with our partners, including e-commerce platforms, commercial banks, clearing institutions and third-party service providers, to better serve our customers globally. For example, we strategically partner with affiliates of American Express Company ("**American Express**") through the joint venture Express (Hangzhou) Technology Services Company Limited ("**LianTong**"), which was established in 2017. LianTong was granted a bankcard clearing business license in June 2020, making it the first Sino-foreign joint venture bankcard clearing institution established in China according to Frost & Sullivan. LianTong provides settlement, clearing and related activities for bank cards carrying "American Express" brands issued by card issuing banks in China, offering bankcard clearing and settlement services to issuing banks and merchant acquirers in its network as well as cardholder benefits to Chinese consumers both in China and globally. As of December 31, 2022, LianTong cooperated with 21 card issuing institutions, offering cardholder benefits both in China and overseas.

Our Operating and Financial Highlights

We have achieved resilient and robust growth during the Track Record Period. The cumulative number of customers we served increased to approximately 1.8 million as of December 31, 2022. The TPV for our digital payment services increased from RMB849.4 billion in 2020 to RMB971.2 billion in 2021 and further to RMB1,153.0 billion in 2022. Our revenue increased from RMB588.5 million in 2020 to RMB643.6 million in 2021 and further to RMB742.7 million in 2022, representing a CAGR of 12.3%. Our gross profit margins were 64.3%, 68.2% and 62.7% in 2020, 2021 and 2022, respectively. We recorded net losses of RMB368.7 million, RMB746.8 million and RMB916.9 million in 2020, 2021 and 2022, respectively. Our EBITDA (non-IFRS) measures were RMB14.7 million, RMB(39.2) million and RMB(69.7) million, respectively; and our adjusted EBITDA (non-IFRS) measures were RMB122.5 million, RMB26.0 million and RMB(17.4) million, respectively, in 2020, 2021 and 2022.

Our Market Opportunities

The market size of global commerce is huge and has been growing steadily over the years. According to Frost & Sullivan, the total volume of global trades increased from US$51.0 trillion in 2018 to US$64.0 trillion in 2022, representing a CAGR of 5.8%. The cross-border e-commerce penetration rate globally was only 7.5% in 2022 and it is expected to reach 12.2% by 2027. Businesses engaging in cross-border e-commerce globally are affected by high barriers for account opening, expensive banking costs and lack of high-quality services, according to Frost & Sullivan. In addition, businesses are burdened with increasingly complex and evolving legal and regulatory requirements in different jurisdictions.

For details, see "Business – Overview – Our Market Opportunities" and "Business – Our Solutions."

Our Value Proposition

Our value proposition to stakeholders in global commerce include: (i) enhance fund turnover and transaction transparency through our global payment network, (ii) reduce commerce barriers and transaction costs and allow businesses to focus on core operations, (iii) navigate global regulatory challenges for our customers, (iv) offer effective access to global markets, (v) provide a secure, stable and reliable technology platform, and (vi) promote digital transformation and create more value and profits. See "Business – Our Value Proposition."

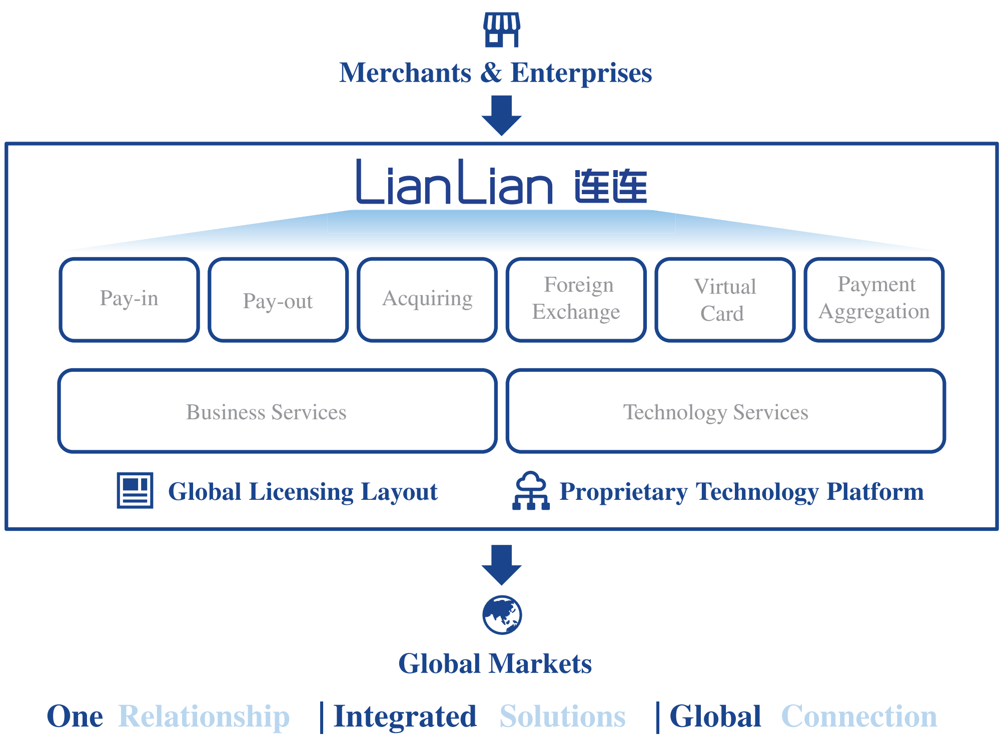
OUR BUSINESS MODEL

Leveraging our global payment network built upon our global license layout, proprietary technology platform and extensive network of partners, we provide a full suite of digital payment services and value-added services to customers in China and around the world. Our customers mainly include merchants, who primarily conduct retail business with end-buyers through e-commerce platforms, and enterprises, who primarily sell goods or provide services to end-buyers including companies and institutions.

Our digital payment services include pay-in, pay-out, acquiring, foreign exchange, virtual card and payment aggregation. Our value-added services include business services and technology services. Under business services, we provide digital marketing, operation support (such as setting up stores on e-commerce platforms and arranging shipment) and referral services. Under technology services, we provide account and e-wallet services and software development services.

For our digital payment services, we primarily generate revenue from collecting service fees based on a certain percentage of the TPV and/or charging customers a fixed services fee per transaction. For our value-added services, we primarily generate revenue from collecting service fees based on TPV and/or the service scope.

The following diagram illustrates our business model:



OUR STRENGTHS

We believe that the following strengths have contributed to our success and differentiated us from our competitors:

- Leader in China digital payment solution market and enabler of global commerce digitalization;
- A global business supported by global license layout and regulatory compliance framework;
- Proprietary technology platform designed for complex global commerce transactions;
- Integrated solutions for businesses to succeed;
- Fast growing and highly sticky customer base; and
- Management team with international DNA.

For details, see "Business – Our Strengths."

OUR STRATEGIES

We plan to execute the following strategies to achieve our mission and drive our future growth:

- Further expand our global business;
- Explore the application of the latest technologies in digital payment;
- Continue to upgrade and develop innovative solutions; and
- Attract, retain and motivate talents.

For details, see "Business – Our Strategies."

CUSTOMERS AND SUPPLIERS

Our customers primarily include Chinese cross-border merchants and enterprises, overseas merchants and enterprises and domestic enterprises. For the years ended December 31, 2020, 2021 and 2022, the aggregate revenue generated from our top five customers in each year during the Track Record Period amounted to RMB61.1 million, RMB70.8 million, and RMB60.2 million, which accounted for 10.4%, 11.0% and 8.1% of our total revenue, respectively. For the same periods, revenue from the largest customer amounted to RMB26.0 million, RMB36.7 million and RMB17.5 million, which accounted for 4.4%, 5.7% and 2.4% of our total revenue, respectively.

Our suppliers primarily include commercial banks, clearing institutions that charge the Company processing fees and channel partners that charge the Company commission fees. For the years ended December 31, 2020, 2021 and 2022, the aggregate purchases from our top five suppliers in each year during the Track Record Period amounted to RMB105.6 million, RMB114.9 million and RMB122.1 million, which accounted for 62.8%, 68.6% and 53.0% of our total purchases, respectively. For the same periods, purchases from our largest supplier amounted to RMB28.8 million, RMB38.0 million and RMB44.9 million, which accounted for 17.1%, 22.7% and 19.5% of our total purchases, respectively.

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 H Shares. Some of the major risks we face include: our success depends on our ability to develop products and services to address the rapidly evolving markets that we serve, and if we cannot continue to innovate, timely respond or adapt to rapid technological development or other changes, or if our research and development results do not achieve their expected results, our business, financial condition, results of operations and prospects would be materially and adversely affected; any changes in laws, regulations or government policies related to our business may impose additional obligations on us; substantial and increasingly intense competition may harm our business, and if we are unable to compete effectively, our business, financial condition, results of operations and prospects would be materially and adversely affected; we have incurred net losses in the past, and we may continue to incur losses in the future; we are subject to certain risks relating to LianTong; adverse changes in the economic, geopolitical and social conditions, as well as government policies, could have a material adverse effect on our business and prospects and if we are unable to successfully manage the complexity of our global operations and deal with the challenges and risks related to our overseas expansion, especially potential expansion into certain overseas markets where we may have limited or no experience, our business, financial condition and results of operations could be adversely affected.

KEY OPERATING METRICS

Our business depends on our ability to attract, engage, or generally increase customers' use of our platform, which is measured by number of active customers and TPV. We regularly review a number of key operating data to evaluate our core business operations, identify trends, formulate financial projections and make strategic decisions. The following table sets forth the active numbers of our customers for the periods indicated:

	Year ended December 31,		
	2020	**2021**	**2022**
Number of Active Customers(i)			
Chinese cross-border merchants	421,885	688,825	845,102
Chinese cross-border enterprises	11	33	1,956
Overseas merchants and enterprises	82	506	2,312
Domestic enterprises	3,482	3,406	3,328

Note:

(i) The numbers of active customers refer to those who have at least one transaction activity with our solutions during the given year.

The following table sets forth the TPV of our digital payment services for the periods indicated:

	Year ended December 31,		
	2020	2021	2022
	(RMB in millions)		
TPV of digital payment services			
Global payment	106,284	135,184	134,813
Domestic payment	743,110	836,040	1,018,219
Total	**849,394**	**971,224**	**1,153,032**

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhang, Mr. Lu and Ms. Xiao are collectively interested in approximately 38.91% of our total issued share capital. Therefore, Mr. Zhang, Mr. Lu and Ms. Xiao are our controlling shareholders (as defined in the Listing Rules) before [**REDACTED**]. Immediately upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares to be issued under the Pre-[**REDACTED**] Share Option Schemes), our Controlling Shareholders will be interested in and control approximately [**REDACTED**]% of the total issued share capital of our Company and will remain as our controlling shareholders (as defined in the Listing Rules). For further details, see "Relationship with Our Controlling Shareholders".

OUR PRE-[REDACTED] INVESTORS

From January 2018 to October 2020, our Company underwent several rounds of Pre-[**REDACTED**] investments with our Pre-[**REDACTED**] Investors, which include, among others, Saizhibole (which is the general partner of Hangshi Sailian, Sailian Fund II, Saizhi Yunsheng, Sailian Fund I) (as defined in "History, Development and Corporate Structure"); Everbright Investment, Boyu Jingtai, Sequoia Zhensheng, CICC Jiatai and Taikang Insurance. For further details of the identity and background of the Pre-[**REDACTED**] Investors, and the principal terms of the Pre-[**REDACTED**] Investments, see "History, Development and Corporate Structure – Pre-[**REDACTED**] Investments".

OUR CONTRACTUAL ARRANGEMENTS

We provide payment services through the Indon VIEs in Indonesia. As advised by our Indonesia Legal Counsel, the maximum foreign direct investment in a company providing payment services is limited to 49%. Starlink, our subsidiary, has entered into the Contractual Arrangements with Indonesian nationals for each of the Indon VIEs to consolidate control over and derive the economic benefits from such Indon VIEs. For further details, see "Contractual Arrangements".

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Operating Results

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

	Year ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Revenue	588,502	643,644	742,748
Cost of sales	(210,251)	(204,400)	(276,779)
Gross profit	**378,251**	**439,244**	**465,969**
Selling and marketing expenses	(69,013)	(89,872)	(138,976)
General and administrative expenses	(289,990)	(263,138)	(258,314)
Research and development expenses	(124,053)	(174,235)	(210,401)
Other income	25,127	18,219	27,169
Other gains – net	57,604	4,260	15,440
Reversal of/(impairment losses) on financial assets	2,468	(99)	(747)
Operating loss	**(19,606)**	**(65,621)**	**(99,860)**
Finance income – net	9,180	22,442	4,238
Finance income	16,039	23,419	8,419
Finance costs	(6,859)	(977)	(4,181)
Share of net loss of an associate accounted for using the equity method	(328,455)	(687,271)	(805,016)
Loss before income tax	**(338,881)**	**(730,450)**	**(900,638)**
Income tax expenses	(29,868)	(16,386)	(16,228)
Loss for the year	**(368,749)**	**(746,836)**	**(916,866)**
Owners of the Company	(368,159)	(746,586)	(916,540)
Non-controlling interests	(590)	(250)	(326)

The substantial majority of our revenue is generated from our digital payment services, including global payment and domestic payment. During the Track Record Period, we witnessed resilient and robust growth in our business operations. Our total revenue increased from RMB588.5 million in 2020 to RMB643.6 million in 2021 and further to RMB742.7 million in 2022, with a CAGR of 12.3% from 2020 to 2022. During the Track Record Period, revenue generated from our digital payment services increased from RMB537.9 million in 2020 to RMB588.0 million in 2021, and to RMB630.1 million in 2022, representing 91.4%, 91.3% and 84.8% of our total revenue in 2020, 2021 and 2022, respectively. See "Business – Digital Payment Services."

Gross profit represents our revenue less our cost of sales. In 2020, 2021 and 2022, our gross profit were RMB378.3 million, RMB439.2 million and RMB466.0 million, respectively. The increase in gross profit in these periods was primarily driven by the growth of our overall business scale as well as the drivers set forth in "Financial Information – Revenue." Gross profit margin represents our gross profit as a percentage of our revenue. In 2020, 2021 and 2022, our gross profit margin was 64.3%, 68.2% and 62.7%, respectively.

For details, see "Financial Information – Results of Operations."

Non-IFRS Financial Measures

To supplement our consolidated financial statements presented in accordance with IFRSs, we use EBITDA and adjusted EBITDA ("**Non-IFRS measures**") for the year/period as an additional measures, which is not required by, nor presented in accordance with, IFRSs. We believe that Non-IFRS measures facilitate the comparisons of operating performance from period to period and company to company and provide useful information to [**REDACTED**] and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of Non-IFRS measures for the year/period may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and [**REDACTED**] should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

The following tables reconcile Non-IFRS measures for the year presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs for the periods:

	Year ended December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Reconciliation of EBITDA[(i)] and adjusted EBITDA[(ii)] for the period			
Operating loss	(19,606)	(65,621)	(99,860)
Adjustments:			
Add: Depreciation of property, plant and equipment	18,834	12,057	13,909
Add: Depreciation of right-of-use assets	9,447	7,620	8,726
Add: Depreciation of investment properties	4,416	4,231	4,025
Add: Amortization of intangible assets	1,646	2,501	3,510
EBITDA	**14,737**	**(39,212)**	**(69,690)**
Adjustments:			
Add: Share-based compensation[(iii)]	110,972	69,802	52,278
Less: Non-recurring gain from other gains[(iv)]	(3,244)	(4,558)	–
Adjusted EBITDA	**122,465**	**26,032**	**(17,412)**

Notes:

(i) EBITDA refers to operating loss adjusted by adding depreciation of property, plant and equipment, right-of-use assets, investment properties and amortization of intangible assets.

(ii) Adjusted EBITDA refers to EBITDA adjusted by adding share-based compensation and subtracting non-recurring gain from other gains.

(iii) Our share-based compensation consists of share options granted under the equity-settled share option schemes and incentive shares or shares granted to our employees. Such expenses in any specific period are not expected to result in future cash payments.

(iv) For detailed breakdown of non-recurring gain from other gains, please refer to "Financial Information – Non-IFRS Measures" of this Document.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2020	2021	2022
	(RMB in thousands)		
Total non-current assets	581,512	878,035	673,144
Total current assets	8,642,731	7,597,046	9,472,870
Total assets	**9,224,243**	**8,475,081**	**10,146,014**
Total non-current liabilities	9,744	14,800	175,755
Total current liabilities	6,632,702	6,541,972	8,909,804
Total liabilities	**6,642,446**	**6,556,772**	**9,085,559**
Net assets	**2,581,797**	**1,918,309**	**1,060,455**

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

	As of December 31,			As of April 30,
	2020	2021	2022	2023
	(RMB in thousands)			
				(Unaudited)
Current asset				
Prepayments, other receivables and other assets	181,215	33,813	340,230	350,284
Trade receivables	16,060	32,976	40,623	47,133
Financial assets at fair value through profit or loss	352,707	187,669	188,567	188,567
Loan and factoring receivables	156,997	–	–	–
Inventories	786	518	687	683
Customer accounts and restricted cash	6,634,490	6,470,610	8,757,259	8,247,256
Cash and cash equivalents	1,300,476	871,460	145,504	147,278
Total current asset	**8,642,731**	**7,597,046**	**9,472,870**	**8,981,201**

	As of December 31,			As of April 30,
	2020	2021	2022	2023
	(RMB in thousands)			
				(Unaudited)
Current liabilities				
Trade payables	20,093	25,382	38,946	42,312
Contract liabilities	5,141	7,444	9,601	27,938
Income tax payables	11,703	2,812	4,611	7,888
Borrowings	–	–	105,279	100,535
Lease liabilities	6,225	10,130	9,071	8,295
Accruals and other payables	6,589,540	6,496,204	8,742,296	8,231,145
Total current liabilities	**6,632,702**	**6,541,972**	**8,909,804**	**8,418,113**
Net current asset	**2,010,029**	**1,055,074**	**563,066**	**563,088**

Summary of Consolidated Statement of Cash Flow

The following table sets forth our cash flows for the periods indicated:

	Year ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Net cash (used in)/generated from operating activities	(59,187)	105,791	(33,337)
Net cash (used in) investing activities	(367,912)	(528,246)	(941,069)
Net cash (used in)/generated from financing activities	1,299,478	(6,258)	242,594
Net increase/(decrease) in cash and cash equivalents	872,379	(428,713)	(731,812)
Cash and cash equivalents at beginning of the year	429,883	1,300,476	871,460
Effects of exchange rate changes on cash and cash equivalents	(1,786)	(303)	5,856
Cash and cash equivalents at end of the year	**1,300,476**	**871,460**	**145,504**

PATH TO PROFITABILITY

During the Track Record Period, we witnessed robust growth in our business operation but were loss-making. We set forth our plans to profitability with discussion of key industry background and our historical performance in below:

Industry Background

According to Frost & Sullivan, the digitalization trend in global commerce and development of digital infrastructure continue to shift traditional trade from offline to online and accelerate the digital penetration of cross-border payments between enterprises. This will prompt digital payment solution providers to actively develop innovative solutions to cater to growing customer demand. According to Frost & Sullivan, both the digital payment service and value-added service market are expected to see tremendous growth potential in the overall digital payment solution market. We ranked the first among the independent digital payment solution providers in China in terms of the TPV in 2022, with a market share of 9.1%. With our service portfolio and global layout, we are poised to take the opportunities to grow our business.

TPV is one of the key driving factors for digital payment services revenue. TPV of both the cross-border digital payment market and domestic digital payment market in China are expected to grow significantly. According to Frost & Sullivan, the TPV of cross-border digital payment services market in China is expected to increase from RMB4.6 trillion in 2022 to RMB14.1 trillion in 2027, representing a CAGR of 25.2% from 2022 to 2027. The TPV for domestic digital payment services market in China is expected to increase from RMB176.6 trillion in 2022 to RMB339.5 trillion in 2027, representing a CAGR of 14.0% from 2022 to 2027. In addition, revenue of value-added services attributable to digital payment solution providers in China is expected to grow from RMB33.9 billion in 2022 to RMB88.3 billion in 2027, representing a CAGR of 21.1% from 2022 to 2027. Moreover, according to Frost & Sullivan, bank card clearing market is also expected to grow as the market size of credit card transaction in China has shown a steady growth trend.

According to Frost & Sullivan, digital payment solutions typically require significant investment in the early stage, particularly in areas such as technology platform upgrade, risk and data compliance management, accumulation in industry insights for customers, acquiring and maintaining licenses and relevant qualifications, as well as establishing operational teams in various regions. According to Frost & Sullivan, it is anticipated that once a digital payment solution provider completes its initial strategic investments, it will be able to grow in business scale, accumulate industry advantages, drive incremental revenue, and provide itself with stable revenue and profit growth opportunities.

Our Historical Performance

During the Track Record Period, our strategic investments significantly progressed our operations, and we have developed an business model that features one-shop service portal, integrated solutions, and global coverage with strong synergies across various service offerings.

During the Track Record Period, we witnessed resilient and robust growth in our business operations. Our TPV increased from RMB849.4 billion in 2020 to RMB1,153.0 billion in 2022, with a CAGR of 16.5% from 2020 to 2022. Our total revenue increased from RMB588.5 million in 2020 to RMB742.7 million in 2022, with a CAGR of 12.3% from 2020 to 2022. While experiencing rapid business growth, we have maintained a gross profit margin of over 60% during the Track Record Period, demonstrating a healthy business model and the driving role of strategic investments in the company's medium and long-term growth.

Our operating losses during the Track Record Period reflected continuous strategic investments that require time to gradually translate into our long-term core competencies. Our strategic investments are primarily attributable to investments in the following areas:

(i) innovative products and solutions aiming to enhance our technological capabilities and the stability of our business systems, thereby strengthening market competitiveness and expanding our customer base;

(ii) global expansion including obtaining local licenses and qualifications as well as setting up local operational teams, to enhance our global regulatory compliance framework and service capabilities; and

(iii) core talents, with a focus on retaining our top-notch professionals with extensive expertise and experience through share-based payments. We aim to build and maintain a high-quality team, enhance team stability, and ensure our long-term core competencies. During the Track Record Period, we invested a total of RMB233.1 million in share-based compensation and benefits.

In addition, we also have a share of net losses from an associate accounted for using the equity method, reflecting our shared loss in LianTong. We recorded RMB328.5 million, RMB687.3 million and RMB805.0 million of share of net loss of an associate using the equity method in 2020, 2021 and 2022, respectively, representing 89.1%, 92.0%, and 87.8% of our net losses for the respective years.

Considering the above factors, our net losses were RMB368.7 million, RMB746.8 million, and RMB916.9 million in 2020, 2021, and 2022, respectively.

Our Path to Profitability

We plan to achieve profitability through the following ways: (i) increasing revenue scale through strategic positioning and creating value for our customers; (ii) maintaining a stable high gross profit level through effective cost control and healthy business model; (iii) synergizing our products, technology, and license layout to continuously reduce marginal costs of new product development and business expansion; and (iv) assessing the operations of LianTong and improving economic benefits of our shareholders. For details, see "Financial Information – Path to Profitability."

[REDACTED]

DIVIDENDS

No dividend has been declared or paid by us. The declaration and payment of any dividends in the future will be determined by our Board of Directors and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distributions. As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been a party to, and were not aware of any threat of, any legal, arbitral or administrative proceeding which, in our opinion, would likely have a material and adverse effect on our business, financial condition or results of operations. We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business.

We primarily operate in China and have been expanding into several other countries and regions where our business is regulated and supervised under different regulatory environments. We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in the jurisdictions in which we operate. We aim to monitor regulatory environments and adopt adequate internal procedures and guidelines to manage our operations in order to avoid potential non-compliance or misconduct. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], assuming no [**REDACTED**] is exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**] stated in this Document.

We intend to use the net [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be allocated over the next five years to enhance our technological capabilities;
- approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be allocated over the next five years to expand our business operations globally;
- approximately [**REDACTED**]% or approximately HK$[**REDACTED**] will be allocated over the next five years for future strategic investment and acquisitions to enrich our service and product offerings, enhance our technology capabilities and strengthen our international operations; and

- approximately [**REDACTED**]% or approximately HK$[**REDACTED**] is expected to be used for general corporate purposes and working capital needs.

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

[REDACTED] EXPENSES INCURRED AND TO BE INCURRED

The total [**REDACTED**] expenses payable by our Company are estimated to be approximately HK$[**REDACTED**] (or approximately RMB[**REDACTED**]) assuming the [**REDACTED**] is not exercised and based on an [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]). These [**REDACTED**] mainly comprise legal and other professional fees paid and payable to the professional parties, [**REDACTED**] payable to the [**REDACTED**], and printing and other expenses for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**].

As of December 31, 2022, we have not incurred [**REDACTED**] expenses for the [**REDACTED**]. We estimate that additional [**REDACTED**] expenses of approximately RMB[**REDACTED**] (including [**REDACTED**] commissions and other expenses, assuming the [**REDACTED**] is not exercised and based on the mid-point of our [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]) will be incurred by our Company, approximately RMB[**REDACTED**] of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] of which is expected to be capitalized.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied for the [**REDACTED**] under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test, among other things, with reference to (i) our revenue for the year ended December 31, 2022, being RMB742.7 million, which is over HK$500 million as required by Rule 8.05(3) of the Listing Rules, and (ii) our expected market capitalization at the time of the [**REDACTED**], which, based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], exceeds HK$4 billion as required by 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 H Shares in issue and to be issued pursuant to the [**REDACTED**] and the [**REDACTED**] (including any Shares which may be issued pursuant to the exercise of the [**REDACTED**]).

Under section 44B(1) 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 allotment made on an application 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 provide 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 PRC business days after such application is submitted. Given that we meet both of the conditions stated above and as advised by our PRC legal advisor, we are required to go through the filing procedures with the CSRC with respect to the [**REDACTED**] and [**REDACTED**] within three PRC business days after the submission of our [**REDACTED**] 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 Accountant's Report included in Appendix I to this Document.