
SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire document before you decide to [REDACTED] in the [REDACTED].

There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are a pioneer and leader in conversational AI (“**CoAI**”) in China, committed to providing full-stack CoAI solutions for enterprise-level users to empower the whole process of their information exchanges and business interactions. According to the iResearch Report, we are the second largest full-stack enterprise-level CoAI solution provider in China, as measured by revenue in 2022.

Dedicated to offering enterprise-level communication solutions for nearly two decades, we have established a robust CoAI infrastructure, Voicecomm Brain, which is underpinned by our self-developed core technologies in both unified communications and AI. Voicecomm Brain is able to connect stably to enterprise-level users’ various types of operating systems, realizing the intelligent transformation of their internal and external information exchanges and business interactions from “communication” to “thinking” and “execution”. According to the iResearch Report, Voicecomm Brain is industry-leading in terms of both unified communication and AI technological capabilities, and has become one of the top-choice CoAI infrastructures for enterprise-level users in China.

On top of our robust Voicecomm Brain, we have developed a full set of CoAI functional modules, Voicecomm Suites, which comprehensively cover various steps of enterprise-level users’ end-to-end information exchanges and business interactions. The completeness of such Voicecomm Suites, together with their high standardization, high scalability and low-code features, can effectively address a number of pain points manifested in the enterprise-level CoAI solution market. According to the iResearch Report, Voicecomm Suites are industry-leading in terms of both functionality and comprehensiveness, and have become one of the first-chosen CoAI functional module sets by enterprise-level users in China.

Leveraging Voicecomm Suites that allow easy combination and flexible delivery, we are able to offer standardized yet conveniently diversified CoAI solutions that effectively improve the level of convenience and intelligence with respect to enterprise-level users’ information exchanges and business interactions. In particular, our various types of full-stack CoAI solutions have been applied in key scenarios across a number of industry verticals, primarily including smart city, smart transportation, smart telecommunications and smart finance. The footprints of our solutions have covered more than 100 cities and counties in China and five overseas countries. According to the iResearch Report, we are the largest full-stack enterprise-level CoAI solution provider for smart city scenarios in China, as measured by revenue therefrom in 2022.

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Empowered by our comprehensive CoAI solution offerings and superior delivery capabilities, our revenue increased rapidly during the Track Record Period, during which time we also achieved continuously improving gross profit margin and demonstrated promising prospects for stable profitability:

- Our revenue increased from RMB347.2 million in 2020 to RMB459.9 million in 2021, and further to RMB515.0 million in 2022, at a CAGR of 21.8% from 2020 to 2022.
- Our gross profit increased from RMB111.8 million in 2020 to RMB152.2 million in 2021, and further to RMB201.5 million in 2022 at a CAGR of 34.3% from 2020 to 2022, and our gross profit margin also improved continuously from 32.2% in 2020 to 33.1% in 2021, and further to 39.1% in 2022. Despite our increasing investments in R&D and commercialization during the Track Record Period, we are able to maintain profitability from our operations, with our adjusted net profit (a non-IFRS measure) amounting to RMB63.4 million in 2022.
- Thanks to our robust CoAI infrastructure and standardized solution offerings, our average per capita R&D efficiency in 2022 reached RMB4.1 million, which was well above the industry average in China and also the highest among the top five full-stack enterprise-level CoAI solution providers in China, according to the iResearch Report.

Market Opportunities

A new generation of information technologies including AI, cloud computing, big data and 5G have been rapidly developing and iterating, massively transforming the paradigm of enterprise-level information production, transmission and application. Accordingly, the commercialization of enterprise-level CoAI is embracing its inflection point, ready to lay a crucial path for the improvement of communication efficiency, digitalization and intelligent transformation of enterprise-level users. According to the iResearch Report, the enterprise-level CoAI solution market in China reached RMB53.2 billion in 2022, and is expected to reach RMB189.7 billion in 2027, at a CAGR of 29.0% from 2022 to 2027. However, the penetration rate of enterprise-level CoAI solutions in China was merely 10.4% in 2022, as compared to 16.7% for the U.S., according to the same source. Currently, the penetration rate of enterprise-level CoAI solutions in China still has huge growth potentials, which is estimated to increase to 15.6% in 2027.

China’s enterprise-level CoAI solution market is currently still experiencing a number of pain points, which makes it especially challenging for non-full-stack solution providers to fundamentally address the needs of enterprise-level users. Firstly, considering enterprise-level users’ needs of CoAI empowerment on a one-stop basis, each product under non-full-stack solutions is independently designed and developed by different providers, thus leading to a series of issues of compatibility, efficiency and maintenance, with data silos left unconnected. Also, notwithstanding that enterprise-level users often need the solutions to be highly scalable across various scenarios, non-full-stack solution providers may not be able to realize the uniform management of the resulting solutions, making it challenging to deliver a “ready-to-use-whenever-needed” user experience. Moreover, due to their lack of a self-developed CoAI infrastructure, non-full-stack solutions offered by such providers are generally

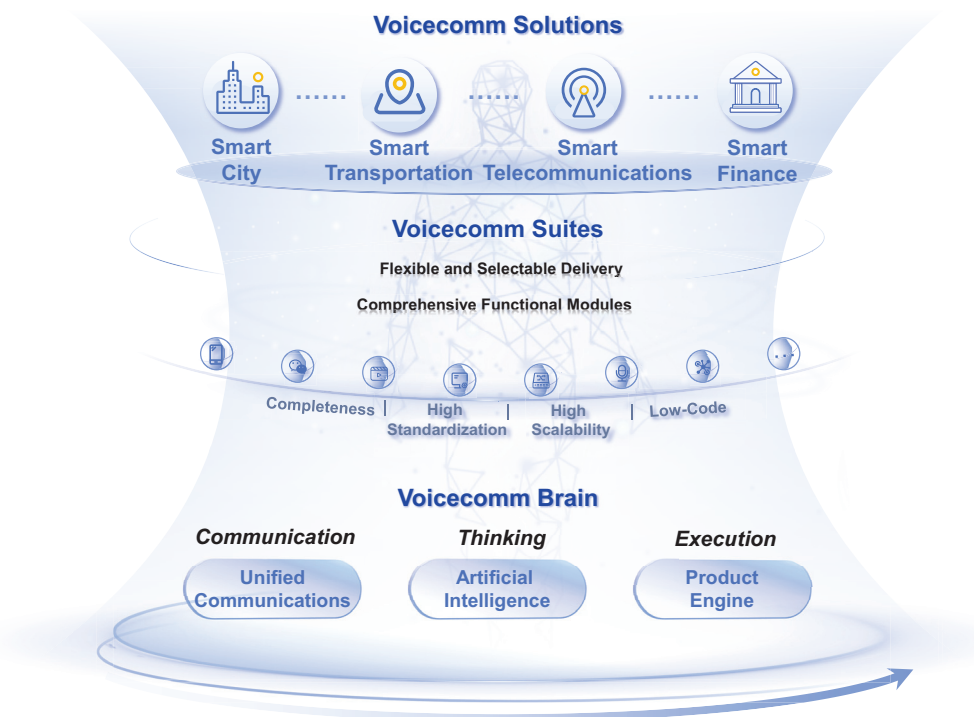
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limited to the application layer, and they are hence unable to optimize the overall system according to the specific application scenarios. Further, while enterprise-level users ultimately choose the delivery based on various specific considerations, it is difficult for non-full-stack solution providers to deliver solutions flexibly to meet their rapidly iterative business needs. Last but not least, according to the iResearch Report, the total cost of ownership of procuring and integrating multiple non-full-stack solutions is about 15%-30% higher than full-stack solutions due to functional redundancy and lack of standardization, which also leads to uncertain return on investment.

In light of the above, it is expected that full-stack enterprise-level CoAI solution providers that possess proprietary unified communication and essential AI algorithm capabilities with the ability to self-develop CoAI applications will seize greater market opportunities by fully exercising their technological advantages. By continuously exploring into innovative application scenarios, we aim to solve the pain points of the industry and make efficient enterprise-level communications at fingertips.

Our CoAI Solution Offerings

Through years of iterative research and development, we have offered various full-stack enterprise-level CoAI solutions in a number of industry verticals using Voicecomm Brain and Voicecomm Suites, as illustrated by the following diagram:



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Our Robust CoAI Infrastructure – Voicecomm Brain

Voicecomm Brain, our CoAI infrastructure, is underpinned by our self-developed core technologies in both unified communications and AI. Voicecomm Brain is able to connect stably to enterprise-level users’ various types of operating systems, realizing the intelligent transformation of their internal and external information exchanges and business interactions from “communication” to “thinking” and “execution”. Voicecomm Brain affords enterprise-level users with the following key values:

- **Quality and Reliability.** Having cumulatively served hundreds of enterprise-level users for nearly two decades, we place great importance on the stability and reliability of our CoAI technologies and solutions, for which reason we have been able to win trust from the users of our solutions. Notably, Voicecomm Brain is able to achieve a time interval between failures of 50 thousand hours, seamless redundant switching of servers without user awareness, as well as an average multimodal information transmission success rate of 99.999%, which lead above the industry average in China according to the iResearch Report.
- **High Compatibility.** Voicecomm Brain is compatible with the three major international protocols for computer telecommunications integration (CTI), i.e., TAPI, TSAPI and CSTA, and the three major types of signal communication methods, i.e., analog transmission, digital transmission and SIP-based communications. In addition, Voicecomm Brain is compatible with various types of organizational operating systems, including but not limited to that on office automation, customer relationship management and enterprise resource planning.
- **Synergetic Technological Capabilities.** Our self-developed core technologies in unified communications and AI synergize with each other effectively. For instance, leveraging our strong unified communication technological capabilities, our voiceprint recognition technology is uniquely empowered by our technologies analyzing the underlying communication protocols used for transmission of signals via different terminal devices, which realizes the accurate audio source separation and intelligent analysis of conversations involving multiple speakers.
- **Cost Efficiency.** We believe that Voicecomm Brain can realize cost efficiency for users by significantly improving their communication efficiency with substantially lowered costs, thereby facilitating the rapid expansion of their operation scale. Take our CoAI administrative service solution deployed in Zibo, Shandong as an example, it enabled cost reduction by more than 85% compared with the solutions previously used therein, while the efficiency for reaching out to callees increased by tens of times and the administrative service completion rate exceeded 80%.

Our Comprehensive CoAI Functional Modules – Voicecomm Suites

To realize large-scale deployment of our CoAI solutions and their quick replications in adjacent use cases, we have developed a full set of CoAI functional modules, Voicecomm Suites, which comprehensively cover various steps of enterprise-level users’ end-to-end information exchanges and business interactions. Voicecomm Suites can effectively address a number of pain points manifested in the enterprise-level CoAI solution market, based upon which we are able to offer various full-stack CoAI solutions that can be effectively applied in various application scenarios across a wide array of industry verticals, and deliver the same flexibly and selectably. The major features and advantages of Voicecomm Suites are as follows:

- **Completeness.** Voicecomm Suites in aggregate functionally enable the processing and two-way transmission of the underlying communication signals, AI empowerment in the application layer, and algorithm-equipped and productized operational interface-side tools, so as to effectively empower the whole enterprise-level CoAI process from “communication” to “thinking” and “execution” on a one-stop basis.

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- **High Standardization.** Characterized by their high level of standardization, Voicecomm Suites can empower users’ business operations in a cost-efficient fashion. Besides, the standardization nature also helps us achieve economies of scale by allowing us to readily replicate and adjust our solution offerings in similar application scenarios.
- **High Scalability.** Voicecomm Suites support free combination among themselves and output differently in accordance with users’ specific business needs, and also enable interfacing with their various systems and software, through which we are able to deliver comprehensive and highly scalable solutions and diversify the same to the degree needed conveniently.
- **Low-Code.** Voicecomm Suites allow development personnel of users to realize the software applications that they want based upon APIs in a low-code fashion featuring high stability and easy-to-use, so that their concrete business requirements and needs for cross-scenario application expansion could be satisfied with efficiency and agility.

Our Solutions Applied in Various Scenarios – Voicecomm Solutions

Leveraging Voicecomm Brain and Voicecomm Suites, we have offered various types of full-stack CoAI solutions proven to have effectively improved the level of convenience and intelligence with respect to enterprise-level users’ information exchanges and business interactions. In particular, our CoAI solutions have been applied in key scenarios across a number of industry verticals, primarily including smart city, smart transportation, smart telecommunications and smart finance. We are also expanding the presence of our solutions into other innovative scenarios in the media, healthcare, E-commerce and retailing, etc., that can be empowered by CoAI.

- **Smart City.** Our CoAI solutions have been applied in smart city scenarios such as intelligent community, intelligent administration and intelligent IoT, where our CoAI technologies contribute to the establishment of smart cities where city infrastructure, public spaces and objects are interactively connected, and also make city management and administrative services more convenient and intelligent.
- **Smart Transportation.** Our CoAI solutions have been applied in smart transportation scenarios including customer service for automobile and logistics companies, internet of vehicles (IoV) service that enables a smart cockpit and facilitates the intelligent scheduling of vehicle resources and route navigation, as well as vehicle-to-everything (V2X) autonomous driving, which helps realize a safe, convenient, intelligent and integrated automobile management and travel experience.
- **Smart Telecommunications.** Our CoAI solutions have been applied in scenarios in which our CoAI technologies can empower telecommunications companies’ communication solutions, such as cloud-based phone and intelligent work badge. Such solutions intelligently satisfy various communication and management needs of users of their services, while substantially lowering deployment and maintenance costs.
- **Smart Finance.** Our CoAI solutions offered to financial institutions have been applied primarily in telephone banking scenario, thereby upgrading their customer services and promoting the comprehensive intelligent transformation of the financial industry. Additionally, we also offer CoAI solutions in scenarios such as service training that facilitate their internal processes.

OUR VISION

To make all communications more effective through AI.

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OUR COMPETITIVE STRENGTHS

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

- An industry pioneer and leader with nearly two decades’ dedication to enterprise-level CoAI;
- Robust and complete full-stack CoAI infrastructure;
- Highly standardized and scalable offering capabilities that facilitate solution launches and continuously improve operating efficiency;
- Sustainable growth empowered by a vibrant CoAI ecosystem; and
- Industry-dedicated and visionary management team.

OUR STRATEGIES

- Further invest in research and development to ensure the leading position and innovativeness of our CoAI technologies;
- Strengthen our commercialization capabilities by comprehensively enriching our CoAI Solution offerings;
- Construct a more prosperous CoAI ecosystem; and
- Actively expand into international markets.

OUR REVENUE MODEL

During the Track Record Period, we generated our revenue primarily from providing our CoAI solutions to enterprise-level users in a number of industry verticals, mainly including smart city, smart transportation, smart telecommunications and smart finance. Our CoAI solutions are offered either as software or through an integration of software with (i) hardware, such as mobile and/or IoT devices; (ii) network and other telecommunication resources via which our technological capabilities are delivered; and/or (iii) other services as part of our full-stack solution offerings, from which we also recognize revenue. The following table sets forth a breakdown of our revenue by industry verticals, in absolute amounts and as a percentage of total revenue, for the years indicated:

	Year Ended December 31,					
	2020		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%
CoAI solutions						
– Smart City	159,067	45.8	165,075	35.9	192,734	37.4
– Smart Transportation	59,097	17.0	81,251	17.6	83,393	16.3
– Smart Telecommunications	68,779	19.8	68,385	14.9	91,782	17.8
– Smart Finance	48,239	13.9	96,051	20.9	79,745	15.5
– Innovative scenarios	11,989	3.5	46,109	10.0	43,987	8.5
Others*	–	–	3,064	0.7	23,351	4.5
Total	347,171	100.0	459,935	100.0	514,992	100.0

Note:

- * Primarily related to promoting products empowered by our CoAI technologies for our business collaborators, from which we generate revenue

For details, see “Business – Our Revenue Model” in this document.

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OUR CUSTOMERS

During the Track Record Period, we mainly had two main categories of customers: (i) solution partner customers, who were primarily third-party system integrators that embedded our solutions into their offerings to cater to enterprise-level users’ needs; and (ii) enterprise-level users purchasing and using our solutions directly. During the Track Record Period, sales amount generated from our five largest customers in each year amounted to RMB151.1 million, RMB197.8 million and RMB192.0 million, respectively, representing 43.5%, 43.0% and 37.2% of our total sales amount for the same years, respectively; sales amount generated from our largest customer in each year amounted to RMB52.6 million, RMB58.5 million and RMB63.0 million, respectively, representing 15.2%, 12.7% and 12.2% of our total sales amount for the same years, respectively.

OUR SUPPLIERS

During the Track Record Period, our suppliers consisted primarily of (i) providers of hardware components such as communication devices, servers and computers that were or are to be integrated into our solutions; (ii) telecommunications companies with whom we cooperated for providing network and other telecommunication resources; (iii) providers of certain non-core and less sophisticated research and development programs; (iv) providers of cloud services; and (v) our business partners whose software/services were embedded into our solutions. During the Track Record Period, purchase amount from our five largest suppliers in each year amounted to RMB280.4 million, RMB279.0 million and RMB336.0 million, respectively, representing 80.3%, 72.6% and 65.9% of our total purchase amount for the same years, respectively; purchase amount from our largest supplier in each year amounted to RMB178.2 million, RMB152.6 million and RMB136.7 million, respectively, representing 51.0%, 39.7% and 26.8% of our total purchase amount for the same years, respectively.

COMPETITION

We face competition especially in China’s full-stack enterprise-level CoAI solution market from other solution providers, in which the competition is primarily centered upon the providers’ one-stop service capability, application-scenario expansion capability, service depth, delivery selectability, cost efficiency realized for users, and device compatibility. According to the iResearch Report, we are the second largest full-stack enterprise-level CoAI solution provider in China, as measured by revenue in 2022. We face competitions from other companies that have transitioned from communication technology services to AI research and development and thus have full-stack service capabilities, traditional communication technology service companies, intelligent speech and semantic companies, and general AI companies. For details of the competitive landscape of the market in which we compete, see “Industry Overview – CoAI Solution Market in China – China’s Full-Stack Enterprise-Level CoAI Solution Market – Competitive Landscape” in this document.

RISK FACTORS

Our business faces risks including those set out in “Risk Factors” in this document. As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the “Risk Factors” section in its entirety before you decide to invest in our [REDACTED]. Some of the major risks that we face include: (i) if we fail to continuously develop and innovate our CoAI solutions to meet enterprise-level users’ evolving needs, our business, financial condition and results of operations may be materially and adversely affected; (ii) any flaws or misuse of CoAI technologies, whether actual or perceived, intended or inadvertent, committed by us or third parties, could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects; (iii) we may be subject to product liability claims or negative publicity if our solutions contain or are perceived to contain defects, which may damage our reputation and negatively affect our business, financial condition and results of operations; (iv) as the industry in which we operate is highly competitive, our results of operations could be harmed if we do not compete against our current or future competitors effectively; and (v) as our business is subject to complex and evolving laws, regulations and governmental policies regarding cybersecurity, privacy and data protection, actual or alleged failure to comply with applicable laws, regulations and governmental policies could damage our reputation, deter current and potential customers or end users from using our solutions, and subject us to significant legal, financial and operational consequences.

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SUMMARY OF KEY FINANCIAL INFORMATION

The following tables summarize our consolidated financial results during the Track Record Period and should be read in conjunction with “Financial Information” of this document and the Accountants’ Report set out in Appendix I to this document, together with the respective accompanying notes.

Summary Consolidated Statements of Profit or Loss

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

	Year Ended December 31,		
	2020	2021	2022
	RMB’000	RMB’000	RMB’000
Revenue	347,171	459,935	514,992
Cost of revenue	(235,406)	(307,773)	(313,526)
Gross Profit	111,765	152,162	201,466
Other revenue	180	7,692	11,016
Other net gain/(loss)	—	200	(16)
Research and development expenses	(13,720)	(36,310)	(63,983)
Selling and marketing expenses	(1,387)	(3,162)	(7,249)
Administrative and other operating expenses	(13,787)	(24,552)	(31,486)
Impairment loss on trade receivables	(7,684)	(17,444)	(42,562)
Profit from operations	75,367	78,586	67,186
Net finance costs	(6,538)	(8,183)	(9,034)
Changes in fair value of redeemable capital contributions	(24,916)	(25,950)	(157,504)
Changes in fair value of financial assets measured at fair value through profit or loss	—	—	8,337
Share of (loss)/gain of associates	(68)	(22)	131
Profit/(loss) before taxation	43,845	44,431	(90,884)
Income tax	(8,956)	(8,047)	5,073
Profit/(loss) for the year	<u>34,889</u>	<u>36,384</u>	<u>(85,811)</u>
Attributable to			
Equity shareholder of our Company	35,168	36,895	(87,155)
Non-controlling interests	(279)	(511)	1,344

Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use the adjusted net profit (a non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of the adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure 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.

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We define the adjusted net profit (a non-IFRS measure) as profit for the year by eliminating the impacts of changes in fair value of redeemable capital contributions and changes in fair value of financial assets measured at fair value through profit or loss. The following table reconciles our adjusted net profit (a non-IFRS measure) presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, namely profit/loss for the year:

	Year Ended December 31,		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Reconciliation of profit/loss for the year and adjusted net profit			
Profit/(loss) for the year	34,889	36,384	(85,811)
Add:			
Changes in fair value of redeemable capital contributions	24,916	25,950	157,504
Changes in fair value of financial assets measured at fair value through profit or loss	—	—	(8,337)
Adjusted net profit (a non-IFRS measure)	59,805	62,334	63,356

Our management considers that changes in fair value of redeemable capital contributions is a non-cash item, primarily due to which we incurred net loss for the year of 2022 and such carrying amount will be reclassified from financial liabilities to equity upon completion of the [REDACTED] and the [REDACTED]. Our management also considers that, changes in fair value of financial assets measured at fair value through profit or loss, which results from our minority equity investment, does not arise from our ordinary and usual course of business. Therefore, by eliminating the impacts of such items in the calculation of the adjusted net profit (a non-IFRS measure), such measure could better reflect our underlying operating performance and could better facilitate the comparison of operating performance from year to year.

Description of Key Statement of Profit or Loss and Other Comprehensive Income Items

Empowered by our comprehensive CoAI solution offerings and superior delivery capabilities, our revenue increased rapidly during the Track Record Period, from RMB347.2 million in 2020 to RMB459.9 million in 2021, and further to RMB515.0 million in 2022 at a CAGR of 21.8% from 2020 to 2022. Meanwhile, our gross profit increased from RMB111.8 million in 2020 to RMB152.2 million in 2021, and further to RMB201.5 million in 2022 at a CAGR of 34.3% from 2020 to 2022, with our gross profit margin improving continuously from 32.2% in 2020 to 33.1% in 2021, and further to 39.1% in 2022. Among our operating expenses, our research and development expenses as a percentage of our revenue amounted to 4.0%, 7.9% and 12.4% in 2020, 2021 and 2022, respectively, and our selling and marketing expenses as a percentage of our revenue amounted to 0.4%, 0.7% and 1.4% in 2020, 2021 and 2022, respectively. As a result, we are able to maintain profitability from our operations, with our adjusted net profit (a non-IFRS measure) amounting to RMB63.4 million in 2022.

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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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total non-current assets	14,884	152,991	300,678
Current assets			
Inventories	102,934	112,475	95,269
Trade and other receivables	103,553	242,812	339,674
Prepayments	80,320	95,296	139,219
Cash	7,142	10,641	20,434
Total current assets	293,949	461,224	594,596
Current liabilities			
Trade and other payables	12,339	46,518	59,433
Contract liabilities	12,515	26,732	31,127
Bank loans and other borrowings	85,838	150,663	211,650
Lease liabilities	1,450	2,302	4,128
Taxation payable	7,079	2,897	2,890
Redeemable capital contributions	99,316	265,666	527,970
Total current liabilities	218,537	494,778	837,198
Net current assets/(liabilities)	75,412	(33,554)	(242,602)
Total non-current liabilities	19,997	9,677	23,433
Net assets	70,299	109,760	34,643

We had net current assets of RMB75.4 million as of December 31, 2020 and net current liabilities of RMB33.6 million as of December 31, 2021, mainly because our total current assets increased from RMB293.9 million as of December 31, 2020 to RMB461.2 million as of December 31, 2021, primarily due to an increase in our trade and other receivables, while our total current liabilities increased from RMB218.5 million as of December 31, 2020 to RMB494.8 million as of December 31, 2021, primarily due to an increase in our (i) redeemable capital contributions significantly from RMB99.3 million as of December 31, 2020 to RMB265.7 million as of December 31, 2021; and (ii) bank loans and other borrowings from RMB85.8 million as of December 31, 2020 to RMB150.7 million as of December 31, 2021. Our net current liabilities further increased to RMB242.6 million as of December 31, 2022, mainly because our total current assets increased from RMB461.2 million as of December 31, 2021 to RMB594.6 million as of December 31, 2022, primarily due to an increase in our trade and other receivables, while our total current liabilities increased from RMB494.8 million as of December 31, 2021 to RMB837.2 million as of December 31, 2022, primarily due to an

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increase in our (i) redeemable capital contributions significantly from RMB265.7 million as of December 31, 2021 to RMB528.0 million as of December 31, 2022; and (ii) bank loans and other borrowings from RMB150.7 million as of December 31, 2021 to RMB211.7 million as of December 31, 2022. We expect to substantially improve our net position and net current position upon completion of the [REDACTED] and the [REDACTED], as fair value of such redeemable capital contributions will be reclassified from financial liabilities to equity as a result of the termination of the preferred rights. For details, see “Financial Information – Discussion on Selected Items from Consolidated Statements of Financial Position – Redeemable Capital Contributions” in this document.

As a result of the foregoing, our net assets increased from RMB70.3 million as of December 31, 2020 to RMB109.8 million as of December 31, 2021, and our net assets decreased from RMB109.8 million as of December 31, 2021 to RMB34.6 million as of December 31, 2022.

Summary of Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Cash generated from operations before movements in working capital	83,956	99,664	127,678
Changes in working capital	(114,249)	(158,414)	(150,912)
Tax paid	(3,116)	(16,328)	(7,880)
Net cash used in operating activities	(33,409)	(75,078)	(31,114)
Net cash used in investing activities	(3,613)	(108,142)	(140,677)
Net cash generated from financing activities	39,495	186,719	181,584
Net increase in cash	2,473	3,499	9,793
Cash at beginning of the year	4,669	7,142	10,641
Cash at end of the year	7,142	10,641	20,434

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities and bank borrowings as our principal sources of funding, and our primary uses of cash were to fund our capital expenditures and working capital. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities and [REDACTED] from the [REDACTED]. For details, see “Financial Information – Liquidity and Capital Resources” in this document.

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OUR SHAREHOLDING STRUCTURE

Our Single Largest Shareholders Group

Pursuant to the Concert Party Agreement dated March 20, 2021, Mr. Tang, Mr. Sun and Jiangfan Technology agreed that they shall act in concert with respect to, inter alia, the right to convene board meetings and general meetings, right to propose resolutions, nomination right, voting rights, nomination of senior management, and other matters which are subject to approval in general meetings or board meetings of the Company, for the period since the date of the Concert Party Agreement and up until they cease to hold any shares of the Company or upon the termination of the Concert Party Agreement. For details, see “History, Development and Corporate Structure – Concert Party Arrangement” in this document.

As of the Latest Practicable Date, by virtue of the Concert Party Agreement, Mr. Tang, Mr. Sun and Jiangfan Technology were collectively entitled to exercise voting rights of approximately 35.97% of the voting rights in our Company, among which:

- (i) Mr. Tang was able to exercise approximately 27.66% of the voting rights in our Company through (a) his personal capacity as to approximately 11.26%; and (b) Voicecomm Rongzhi as to approximately 16.40%. Voicecomm Rongzhi is a company established in the PRC which is owned as to 99.00% by Mr. Tang and 1.00% by Ms. Xu (the spouse of Mr. Tang);
- (ii) Mr. Sun was able to exercise approximately 7.54% of the voting rights in our Company through (a) his personal capacity as to approximately 5.80%; and (b) Jiageng Culture as to approximately 1.74%. Jiageng Culture is a company established in the PRC which is wholly-owned by Mr. Sun; and
- (iii) Jiangfan Technology was able to exercise approximately 0.77% of the voting rights in our Company. Jiangfan Technology is wholly owned by Jiangcheng Asset Management, which is in turn owned as to 60.0% by Mr. Yang, our non-executive Director, and 40.0% by Mr. Jiang Haisheng (姜海生).

As such, Mr. Tang, Ms. Xu (the spouse of Mr. Tang and holding 1% of the equity interests in Voicecomm Rongzhi), Voicecomm Rongzhi, Mr. Sun, Jiageng Culture, Mr. Yang, Mr. Jiang Haisheng (姜海生) (holding indirectly 40% of the equity interests in Jiangfan Technology), Jiangcheng Asset Management (the holding company of Jiangfan Technology) and Jiangfan Technology were collectively entitled to exercise voting rights of approximately 35.97% of the total issued shares of our Company as at the Latest Practicable Date, and are considered as a group of controlling shareholders of our Company before the [REDACTED]. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Tang, Ms. Xu, Voicecomm Rongzhi, Mr. Sun, Jiageng Culture, Mr. Yang, Mr. Jiang Haisheng (姜海生), Jiangcheng Asset Management and Jiangfan Technology will be collectively entitled to exercise voting rights of approximately [REDACTED]% of the total issued shares of our Company, and hence they will cease to be a group of controlling shareholders of our Company and become the Single Largest Shareholders Group. Our Company will not have any controlling shareholder upon the completion of the [REDACTED].

SUMMARY

[REDACTED] Investments

The [REDACTED] Investments include: (i) Series A Financing; (ii) Series B Financing; (iii) Series B+ Financing; (iv) Series C Financing; and (v) the 2023 Investments by Equity Transfers. We raised a total of approximately RMB499.6 million through the Series A Financing, Series B Financing, Series B+ Financing and Series C Financing. Pursuant to the PRC Company Law, all the existing Shareholders (including the [REDACTED] Investors) are subject to a 12-month lock-up period from the [REDACTED]. Our [REDACTED] Investors consist of private equity funds, government-led fund and investment holding companies, some with specific focus on information technology. For details on the [REDACTED] Investments received by us, see “History, Development and Corporate Structure – [REDACTED] Investments” in this document.

[REDACTED] STATISTICS

	Based on the [REDACTED] of HK\$[REDACTED]	Based on the [REDACTED] of HK\$[REDACTED]
[REDACTED] of our Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
[REDACTED] adjusted net tangible assets attributable to the equity shareholders of our Company per Share as of December 31, 2022 ⁽²⁾	RMB[REDACTED] (HK\$[REDACTED])	RMB[REDACTED] (HK\$[REDACTED])

Notes:

- (1) Calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately after completion of the [REDACTED].
- (2) The [REDACTED] adjusted net tangible assets attributable to the equity shareholders of our Company per Share have been arrived at after adjustments referred to in “[REDACTED] Financial Information” in Appendix II to this document.

[REDACTED] EXPENSE

During the Track Record Period, we incurred [REDACTED] expenses of RMB[REDACTED] million charged to administrative and other operating expenses in our statements of profit or loss in 2022.

[REDACTED] expenses to be borne by us are estimated to be approximately RMB[REDACTED] million ([REDACTED]), at the [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED]), and assuming the [REDACTED] is not exercised, among which (i) [REDACTED]-related expenses, including [REDACTED] commission and other expenses are approximately RMB[REDACTED] million (HK\$[REDACTED] million); and (ii) [REDACTED]-related expenses are approximately RMB[REDACTED] million (HK\$[REDACTED] million), comprising (a) fees and expenses of legal advisors and accountants of approximately RMB[REDACTED] million (HK\$[REDACTED] million); and (b) other fees and expenses of approximately RMB[REDACTED] million (HK\$[REDACTED] million). As of December 31, 2022, we incurred a total of RMB[REDACTED] million (HK\$[REDACTED] million) in [REDACTED] expenses, among which RMB[REDACTED] million (HK\$[REDACTED] million) was recognized in our statements of profit or loss, and nil was deducted from equity. Our [REDACTED] expenses as a percentage of [REDACTED] from the [REDACTED] will be [REDACTED]%, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] and that the [REDACTED] is not exercised. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

SUMMARY

FUTURE PLANS AND [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range), we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expenses paid and payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. We currently intend to use the [REDACTED] we expect to receive from the [REDACTED] for the following purposes and in the amounts set out below:

- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to enhance the fundamental research on our key technologies, improve the development of our standardized solutions and iteratively launch diverse commercialization applications and functions for more business scenarios.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be allocated to expand our solution offerings, build our brand and enhance our commercialization capabilities.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to pursue domestic and overseas strategic investment and acquisition opportunities, so as to implement our long-term growth strategy to optimize our solutions and expand and penetrate the industry verticals that we cover.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for general corporate purposes.

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

DIVIDEND

No dividends were paid or declared by our Company or any of our subsidiaries during the Track Record Period. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important. There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the [REDACTED]. For details, see “Financial Information – Dividend” in this document.

RECENT DEVELOPMENT

Recent Business Development

After the Track Record Period, we have made the following business development, especially with respect to external collaborations, in furtherance of our development strategies:

- Academician Jifeng HE, a world-renowned computer scientist, joined us in 2023 as our Chief Scientist. Graduated from the Mathematics Department of Fudan University in 1965, Academician HE was elected to the Chinese Academy of Sciences in 2005. Specifically, Academician He is responsible for our technological planning in enterprise-level responsible AI and consulting on the application of our ICV solutions, which we envision will greatly drive our technological accumulations in such areas with his academic achievements. For details, see “Business – Research and Development – Our Research and Development Team” in this document.

SUMMARY

- In March 2023, we became one of the first eco-partners of Baidu, Inc. (“**Baidu**”) regarding the implementation of ERNIE Bot, its chatbot product developed and offered through Baidu AI Cloud, into enterprise-level CoAI application scenarios. The collaboration with Baidu on ERNIE Bot lets us leverage its training achievements of general knowledge, which will allow us to better focus on AI trainings relating to professional issues in specific application scenarios, thereby enabling us to further play to our strengths in scenarios requiring high accuracy and professionalism. For details, see “Business – Our CoAI Technologies – AI Technologies – Technological Collaboration” in this document.

Regulatory Update

On February 17, 2023, the CSRC promulgated the *Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises* (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Administrative Measures**”) and relevant supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Administrative Measures, PRC domestic enterprises that directly or indirectly offer or list their securities in an overseas market, which include (i) any PRC enterprise limited by shares; and (ii) any offshore enterprise that conducts its business operations primarily in China and contemplates to offer or list its securities in an overseas market based on its onshore equities, assets or similar interests, are required to file with the CSRC within three business days after its application for overseas listing is submitted. We are also proactively following up changes in laws and regulatory development and will carry out relevant work to ensure compliance with laws and regulations with the aid of external counsels. For details, see “Regulatory Overview – Regulations on Overseas Listing” in this document.

No Material Adverse Change

Our Directors confirmed that, up to the date of this document, there had been no material adverse change in our financial or operational prospects since December 31, 2022, being the latest balance sheet date of our consolidated financial statements in the Accountants’ in Appendix I to this document.