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 read in conjunction with, the full text of this document. You should read the whole 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 forth in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to **[REDACTED]** in the **[REDACTED]**.

WHO WE ARE

We provide SaaS solutions to retailers in the local retail industry. Local retail refers to the business of selling merchandise to consumers located in close proximity through offline channels or online channels. We are now the largest retail cloud solution provider in Chinese mainland by gross merchandise value (GMV), with a market share of 13.9% as of December 31, 2022, according to Frost & Sullivan. We have successfully expanded our businesses to other countries and regions in Asia, including Hong Kong SAR, Macau SAR, Cambodia and Singapore. The expansion has allowed us to become the largest retail cloud solution provider in Asia by GMV in 2022 with a market share of 9.5%, according to Frost & Sullivan. We are the second and third largest retail cloud solution provider in China and Asia by revenue with a market share of 8.2% and 5.5%, respectively, as of December 31, 2022, according to Frost & Sullivan.

We distinguish ourselves from our competitors through achieving full coverage, incorporating industry latest practices, facilitating intelligent data-driven business decision making, and continuous product development, which help retailers and brand owners drive revenue growth and reduce costs. According to Frost & Sullivan, we were the largest retail cloud solution provider in terms of GMV in Asia in 2022, and a leading end-to-end omni-channel retail cloud solution provider in China. End-to-end coverage refers to our capability to address retailers' needs across all critical parts of their operations, from supply end to consumer end. Broad operational modules coverage enables us to reach diverse customer base in the industry and thus obtain deep retail know-how. We continuously improve our SaaS modules based on our deep understanding of the retail industry and technological advancements to deliver tangible and measurable improvements to retailers.

We started our business in retail digitalization in collaboration with Wumei Group, a leading retailer in China, which was our largest customer during the Track Record Period. We implemented our cloud solutions in Wumei Group's nationwide store network and our functionalities through their complex operation. Today, we have developed comprehensive retail cloud solutions for customers of various sizes and formats that encompass local retail operations, from procurement and supply chain management, store and headquarters management, to marketing and omni-channel sales. Our experience with Wumei Group has inspired us to deliver many popular modules that are applicable to other retail formats from chained supermarkets, warehouse supermarkets, department stores to convenience stores, specialty retailers and retailers with new retail formats. We now cover all major retail formats, helping our expanding customer base meet ever-evolving market challenges and provide quality services to consumers. As a testament to our success, we served around 380 customers for the three months ended March 31, 2023. The dollar-based net retention ratio, which represents revenues generated by recurring customers (excluding consumers) divided by revenues generated by all customers (excluding consumers) in the prior period, was 165% in 2020, 208% in 2021, 140% in 2022 and 125% for the twelve months ended March 31, 2023. Dollar-based net retention ratio measures the ability of our Company to retain and expand its existing customer base over time and indicates the level of loyalty among customers and their willingness to continue paying for our offerings. We onboarded several major customers in 2021, resulting in the comparably lower dollar-based net retention ratio in 2022. In addition, unfavorable market condition caused certain advertising customers to reduce spending in 2022, contributing to the decrease in the dollar-based net retention ratio.

OUR SERVICE OFFERINGS

As a retail cloud solutions provider, we built our SaaS to provide one-stop solutions that help retailers and brand owners increase revenue and reduce costs.

Our service offerings consist of a retail core service cloud, an e-commerce service cloud and a marketing and advertising service cloud that enhance the operational, marketing, and sales capabilities of retailers and brand owners, helping them to better serve consumers.

- *Retail core service cloud*. Our retail core service cloud, consisting of our proprietary Dmall OS system, and AIoT solutions, integrates an array of functionalities that help retailers digitalize and optimize their operation. Our Dmall OS system, which contains service components such as product procurement process management, supply chain management, product management, store management, consumer membership management and headquarters management, address the most critical parts of retailer's daily operations. AIoT solutions help retailers build digitally integrated retail locations that consolidate offline data to achieve more efficient store management. Such integrated approach helps retailers improve efficiency, boost revenue and cut costs. The number of customers using our retail core service cloud increased from 73 in 2020 to 435 in 2022.
- *E-commerce service cloud*. Our e-commerce service cloud helps retailers build and operate their virtual stores and connect them with consumers on the Dmall marketplace. The marketplace provides an online platform for transactions, enabling consumers to purchase their products and services even when they are not physically in the store and enjoy product deliveries to their doorstep often within one hour. It also serves as a critical access point for retailers and brand owners to reach consumers en masse. In the three months ended March 31, 2023, we processed GMV of RMB1.3 billion under our e-commerce service cloud.
- *Marketing and advertising service cloud*. Our marketing and advertising service cloud help brand owners and retailers to market their products through advertising on the Dmall mobile app, mini-programs and offline advertising services through advertising spaces in our partnering outlets with marketing tools. We have been helping brand owners and retailers with their online marketing efforts since 2016 and expanded our service coverage to offline stores in 2021. We provide brand owners and retailers a series of services such as marketing planning, traffic promotion and precision marketing. Our marketing service package help them optimize their marketing strategies by integrating analysis of online and offline consumer insights through consumer behavior information collected from all shopping scenarios. The number of advertisers we served increased from 61 in 2020 to 146 in 2022.

We achieved synergies among our three clouds, as they are essential components in retail business. Retailers adopting our retail core service cloud may naturally demand online-to-offline (O2O) and marketing services, and vice versa. Our solutions offer hassle-free one-stop solutions for retailers. In addition, our three clouds facilitate data synchronization across operation, and marketing and omnichannel sales for retailers. Data assets collated from each of the clouds contribute to better portrait of the business from different perspective, leading to more informed decision making. For example, retailers selling through our e-commerce service cloud have the relevant online sales data feeding back to delivery and inventory modules in the retail core service cloud, guiding stocking and delivery fulfillment decisions. As the data assets accumulate, our AI algorithm makes better projections and recommendations that streamline the operation. And the virtuous data feedback loop continues. If we fail to achieve synergies among our three cloud solutions, our ability to cross-sell our services may be hindered. See "Risk Factors—Risks Relating to Our Business and Industry—If we fail to create, expand, and take advantage of cross-selling opportunities by introducing and selling other services to existing customers using our retail cloud solutions, our business and financial prospects may be adversely affected."

PRICING

Our pricing structure varies depending on the product or service we offer. For our Dmall OS system under our retail core service cloud, we primarily adopt a take rate fee structure by charging a percentage of the customer's GMV processed by our system. Customers can also choose to pay a subscription fee for services offered under our Dmall OS system. On the other hand, our AIoT solutions mainly involve product and service fees. For our e-commerce service cloud, we also charge customers a take rate based fee. For our marketing and advertising service cloud, we charge fixed marketing and advertising fees or consultation fee based on the services they purchase.

Retail core service cloud

Dmall OS. For our Dmall OS system, we primarily adopt a take rate fee structure by charging a percentage of the customers GMV processed by our system. The fee we charge is determined based on various factors, including, among others, the number and types of modules subscribed by the customer, the subscription period, the expected customer's total GMV transacted through our system, and the size and operational scope of the customer. For certain customers, we adopt a subscription fee based model and charge them service and consultation fee based on various factors, including, among others, the number and types of modules subscribed by the customer, the subscription period, and the size and operational scope of the customers. In addition, for customers in need of customization, implementation, software development and maintenance services, we provide customized services and charge them a corresponding service fee based on the aggregated work hour or work day involved and the applicable fee rate per worker per work hour or work day.

AIoT solutions. For our Scan-and-Go solutions, we charge a take rate fee that varies depending on the payment channel used by consumers. This fee is only applicable to customers who use our Scan-and-Go solutions. For all our other AIoT solutions, we charge a fixed fee to our customers. This fixed fee can either be a one-time payment or a fixed monthly subscription fee. The amount of the fixed fee is determined by several factors, such as the types of products and/or services provided by us and the retail format, store size, and operating scope of the customer.

The following table sets forth our revenues from our retail core service cloud by pricing model in absolute amount and as a percentage of our revenues from our retail core service cloud for the years/periods indicated:

	Year Ended December 31,						Three Months Ended March 31,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						*(unaudited)*			
Operating system	119,425	60.4	288,481	65.7	616,529	70.0	150,227	70.1	162,168	60.7
- *Take rate*	112,652	56.9	198,172	45.1	429,498	48.8	120,166	56.1	120,589	45.1
- *Subscription*	189	0.1	60,590	13.8	36,471(1)	4.1(1)	5,015	2.3	12,737(3)	4.8(3)
- *Customization, implementation, software development and maintenance and others*	6,584	3.4	29,719	6.8	150,560(2)	17.1(2)	25,046	11.7	28,842	10.8
AIoT solutions	78,459	39.6	150,333	34.3	263,973	30.0	64,115	29.9	105,155	39.3
Total revenue for retail core service cloud	**197,884**	**100.0**	**438,814**	**100.0**	**880,502**	**100.0**	**214,342**	**100.0**	**267,323**	**100.0**

Notes:

(1) The decrease in subscription fee we recognized in 2022, as compared to 2021, was primarily due to certain customer switching from subscription based payment to take rate based payment.

(2) Our customization, implementation, software development and maintenance and others revenue increased from RMB29.7 million in 2021 to RMB150.6 million in 2022, mainly attributable to increase in software development and maintenance revenue in association with our acquisition of Shenzhen Enjoy completed in November 2021, and new customization revenue from existing customers who demanded additional customized functionalities on our operating system due to respective business needs.

(3) Our subscription revenue increased from RMB5.0 million to RMB12.7 million, mainly attributable to additional operation digitalization modules that we began delivering to Chongqing Department Store Group in October 2022.

We use the total sales value to consumers as the GMV for determining the fees we charge our customers. We record our customers' total value of both offline and online sales to consumers as the GMV. Offline sales of customers are recorded through point-of-sale system (POS system) and Scan-and-Go terminals. We also record online sales of our customers through our Dmall APP and mini programs when consumers complete orders and make payments online. For retail core service cloud solutions, our customers under the take rate fee model generally subscribed at least to our POS system. We charge a customer a take rate for subscribing our POS system and will increase the take rate when the customer subscribes for more modules to reflect fees for additional services we provide through these modules. For customers that do not use the aforementioned product and services and therefore do not directly produce GMV information, we generally charge them a subscription fee. We do not set minimum subscription requirement for our customers.

E-commerce service cloud

For our e-commerce service cloud, we derive revenue from O2O platform service fees paid by our customers and delivery fees paid by consumers. For O2O platform service fees, we primarily adopt a take rate fee structure by charging a percentage of the GMV processed by our e-commerce service cloud. The take rate we charge under the e-commerce service cloud is determined based on the scope and scale of our customers' operation. We also charge consumers delivery fee for using the on-demand delivery services.

The following table sets forth our revenue under our e-commerce service cloud segment in absolute amount and as a percentage of our total revenue for e-commerce service cloud for the years/periods indicated:

	Years Ended December 31,						Three Months Ended March 31,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						*(unaudited)*			
Revenue										
O2O platform service	192,279	78.5	310,794	75.9	349,263	78.0	96,092	79.5	66,040	79.4
Logistics	52,736	21.5	98,518	24.1	98,224	22.0	24,810	20.5	17,086	20.6
Total revenue from e-commerce service cloud	**245,015**	**100.0**	**409,312**	**100.0**	**447,487**	**100.0**	**120,902**	**100.0**	**83,126**	**100.0**

Marketing and advertising service cloud

For our marketing and advertising service cloud, we charge advertising customers (i) marketing and advertising fees for publishing promotional materials through Dmall mobile app, mini-programs and offline channels, and (ii) consultation fees for targeted marketing analytics. The price of our marketing and advertising services is determined based on various factors, including, among others, the format and duration of the advertisement, targeting scope and display location.

KEY OPERATING DATA

The following table sets forth our customers served for the years/periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2020	2021	2022	2022	2023
GMV processed through our system[(1)] *(in RMB billions)*					
- Retail core service cloud					
- *Operating system[(2)]*	36.6	95.1	123.3	35.5	37.1
- *Take rate customers[(3)]*	35.7	58.5	106.3	30.5	30.6
Related Entities	35.7	50.9	81.1	24.6	22.4
Other Related Customers[(4)]	—	6.9	22.0	5.6	7.3
Independent Customers	—	0.7	3.1	0.4	0.8
- *AIoT Solutions*	15.3	14.2	12.6	3.7	3.1
- E-commerce service cloud	6.5	6.9	8.2	2.2	1.3
Related Entities	5.1	5.5	7.5	1.9	1.2
Other Related Customers[(4)]	*	0.2	0.1	0.1	—
Independent Customers	1.4	1.1	0.5	0.2	*
Number of customers[(5)(6)]					
- Retail core service cloud	73	234	435	137	311
- *Operating system*	8	167	303	91	198
- *AIoT solutions*	69	86	190	59	153
- E-commerce service cloud	33	42	37	30	30
- Marketing and advertising service cloud[(7)]	61	126	146	72	74
Total number of customers[(8)]	**135**	**352**	**569**	**206**	**380**

Notes:

* Less than RMB0.1 billion.

(1) Refers to the GMV processed by our retail core service cloud and e-commerce service cloud. Our marketing and advertising service cloud solution primarily consists of omni-channel advertisement services, and the provision of such services is not directly associated with GMV as we do not charge our advertising customers based on the GMV processed.

(2) Refers to the GMV processed through our Dmall OS system.

(3) Take rate customers for a given year/period refers to customers that contributed revenue under the take rate fee model in the given year/period, excluding customers that subscribe only to the membership and product sales management module under the take rate fee model. GMV from customers that are not take rate customers (i.e. customers that pay fixed subscription fee) accounted for the difference between GMV attributable to the operating system and take rate customers. The membership and product sales management module is specifically designed to help large retailers manage consumer profiles and arrange the sales of certain high-value hot sellers. We charge all of the customers that subscribed to this module a higher take rate compared to other modules we offer to account for the system's complexity.

(4) Other Related Customers refer to DFI Retail Group and Metro Group. DFI Retail Group is a connected person of us. For further information, see "Business—Joint Venture Agreement of Retail Technology Asia" and "Connected Transactions." Metro Group is a leading wholesaler headquartered in Germany and for the avoidance of doubt, the Metro China Entities do not form part of, nor are they controlled by, the Metro Group. Metro Group is not a connected person as defined under the Listing Rules because Metro AG, through its subsidiaries, holds only 20% equity interest in WM Holding (HK) Limited (which is the holding company of Metro China Entities); as such, even though Metro China Entities, are subsidiaries of Wumei Technology and hence associates of Dr. Zhang, Metro Group is not an associate of Dr. Zhang; the Metro Group also has no other connection with the Group to otherwise qualify it as a connected person of the Company. Metro Group also does not fall under the definition of related parties as defined under International Financial Reporting Standards.

(5) Number of customers that have contributed revenue to us in a given year/period, including number of customers we serve through Shenzhen Enjoy as a result of our acquisition of Shenzhen Enjoy in November 2021. If we remove the number of customers solely using Shenzhen Enjoy's products from the calculation, in 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, we had retail core service cloud solutions customer of 73, 89, 165, 65, and 170, respectively, including (i) operating system customer of 8, 26, 42, 25 and 44, respectively, (ii) AIoT solutions customers of 69, 77, 144, 48 and 142, respectively. For details, see "History, Reorganization and Corporate Structure—Acquisitions and Disposals—Shenzhen Enjoy."

(6) Number of customers include, as distinct customers, (i) Wumei Group, (ii) Metro China Entities, (iii) Chongqing Department Store Group, (iv) Yinchuan Xinhua Group, (v) B&T Entities, and (vi) DFI Retail Group. DFI Retail Group is a leading pan-Asian retailer operating under a number of well-known brands, such as Wellcome, Mannings, Giant, Cold Storage and Guardian. DFI Retail Group also owns and operates the 7-Eleven and IKEA franchises in select Asian markets. We established Retail Technology Asia with DFI Retail Group Management Limited. DFI Retail Group is a connected person of us. For further information, see "Business—Joint Venture Agreement of Retail Technology Asia" and "Connected Transactions."

(7) Number of advertising customers, mainly including retailers, brand owners and advertising agencies, who contributed revenue in the given year/period.

(8) Many of our customers use more than one of our cloud service solutions. Therefore eliminations are made to avoid double counting.

OUR CUSTOMERS AND SUPPLIERS

We have a close business relationship and have engaged in substantial business transactions with the Related Entities, namely Wumei Group, Metro China Entities, Chongqing Department Store Group, Yinchuan Xinhua Group and B&T Entities. Dr. ZHANG Wenzhong, our founder, senior advisor and our Controlling Shareholder is a prominent leader in the local retail industry in China and founder and a controlling shareholder of Wumei Technology Group, Inc., the holding company of Wumei Group. Our customers are primarily retailers and brand owners. Revenues generated from our five largest customers for the years ended December 31, 2020, 2021, 2022 and the three months ended March 31, 2023 accounted for 69.8%, 70.2%, 76.6% and 83.1%, respectively, of our total revenues during the same periods. Revenue generated from our largest customer for each of the years ended December 31, 2020, 2021, 2022 and the three months ended March 31, 2023 accounted for 54.5%, 45.3%, 44.1% and 50.9%, respectively, of our total revenues during the same periods. See "Business—Customers" and "Business—Our Relationship with the Related Entities."

Apart from the Chinese mainland, we have successfully expanded our businesses into markets outside the Chinese mainland, namely Hong Kong SAR, Macau SAR, Cambodia, Singapore and Poland. We are also in the initial stage venturing into European market through our collaboration with Metro Group, a leading wholesaler headquartered in Germany. The following table sets forth the breakdown of our revenue by geographic region.

	Year Ended December 31,						Three Months Ended March 31,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						*(unaudited)*			
The Chinese Mainland	486,028	99.9	1,024,336	98.1	1,420,625	94.6	365,792	95.3	363,453	93.3
Overseas										
- Hong Kong	727	0.1	18,312	1.8	76,502	5.1	16,782	4.4	24,247	6.2
- Cambodia	—	—	989	*	2,598	0.2	217	0.1	1,116	0.3
- Singapore	—	—	955	*	971	*	934	0.2	—	—
- Poland	—	—	—	—	239	*	—	—	667	0.2
- Macau	—	—	—	—	24	*	—	—	35	*
Total	**486,755**	**100.0**	**1,044,592**	**100.0**	**1,500,959**	**100.0**	**383,725**	**100.0**	**389,518**	**100.0**

Note:

* Less than 0.1%

Our suppliers primarily include labor outsourcing vendors, logistics service providers, cloud service providers, payment processing providers and customer services and marketing support providers. Amounts paid to our five largest suppliers for each of the years ended December 31, 2020, 2021, 2022 and the three months ended March 31, 2023 accounted for 16.9%, 13.3%, 14.4% and 22.2%, respectively, of our total purchases during the same periods. Amounts paid to our largest suppliers for the years ended December 31, 2020, 2021, 2022 and the three months ended March 31, 2023 accounted for 7.5%, 5.9%, 7.3% and 9.1% of our total purchases during the same periods respectively. See "Business—Suppliers."

BUSINESS SUSTAINABILITY & PATH TO PROFITABILITY

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2020	2021	2022	2022	2023
	(RMB in thousands, except percentages)			*(unaudited)*	
Revenue	486,755	1,044,592	1,500,959	383,725	389,518
Gross margin [(1)]	(7.5%)	34.3%	44.6%	40.6%	46.0%
Net margin [(2)]	(223.8%)	(174.7%)	(56.0%)	(64.4%)	(87.8%)
Adjusted net margin (non-IFRS measure)[(3)]	(202.3%)	(91.8%)	(19.7%)	(43.1%)	(16.3%)

Notes:

(1) Equals gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.

(2) Equals loss for the year/period divided by revenue for the year/period and multiplied by 100%.

(3) Equals adjusted loss (non-IFRS measure) for the year/period divided by revenue for the year/period and multiplied by 100%.

We were founded in 2015 to provide SaaS solutions for the local retail industry. Since our incorporation, we have incurred significant cost and expenses to expand our e-commerce service cloud solutions, including selling and marketing expenses to grow our customer base and stimulate consumer traffic for our e-commerce platform and logistics costs to support our integrated e-commerce services. Historically, we also expended resources to develop and promote our AIoT solutions, specifically, our Scan-and-Go solutions. We then devoted significant resources to the research and development of our proprietary Dmall OS system as the foundation of our business operation serving customers in the local retail industry. We expect to continue to strategically focus on the growth and development of our retail core service cloud and not aggressively expand our e-commerce service cloud solutions. During the Track Record Period, we have demonstrated our ability to generate revenue and progress towards achieving profitability. We achieved strong revenue growth as our revenue grew by 114.6% from RMB486.8 million in 2020 to RMB1,044.6 million in 2021, which further increased by 43.7% to RMB1,501.0 million in 2022, and slightly increased by 1.5% from RMB383.7 million in the three months ended March 31, 2022 to RMB389.5 million in the three months ended March 31, 2023. We have also significantly improved our gross margin during the Track Record Period. Our gross margins were negative 7.5%, 34.3%, 44.6%, 40.6% and 46.0% in the years ended December 31, 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, respectively.

Our net losses increased from RMB1,089.6 million for the year ended December 31, 2020 to RMB1,825.0 million for the year ended December 31, 2021, primarily attributable to the increases in our research and development expenses, selling and marketing expenses and general and administrative expenses, in line with the continued growth and development of our business operations and product and services offerings as we strengthen and secure our market position in the retail cloud solution industry. Our net losses decreased from RMB1,825.0 million for the year ended December 31, 2021 to RMB840.5 million for the year ended December 31, 2022, primarily attributable to our continued gross profit improvement associated with our ongoing strategic focus on our retail core service cloud solutions as well as the decreases in our selling and marketing expenses attributable to the decrease in promotional incentives to retail consumers for our e-commerce service cloud solutions and our general efforts to control costs and optimize our operational efficiency in 2022. Our net losses increased from RMB247.2 million for the three months ended March 31, 2022 to RMB342.1 million for three months ended March 31, 2023, primarily attributable to the increase in fair value change of convertible redeemable preferred shares, which offset our continued gross profit improvement as well as our concerted efforts to control costs and optimize our operational efficiency. We had adjusted net losses (non-IFRS measure) of RMB984.5 million, RMB958.6 million, RMB296.4 million, RMB165.4 million and RMB63.6 million in 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, respectively, primarily attributable to expenses incurred in line with the growth and development of our business, including significant investment in research and development to support the continued development of our proprietary operating system, additional headcount across our internal functions consistent with our accelerated growth, and marketing resources to grow our customer base and stimulate consumer traffic for our e-commerce platform as well as logistic costs for our integrated e-commerce service.

However, our adjusted net margin (non-IFRS measure) significantly improved from negative 202.3% in 2020 to negative 91.8% in 2021, and further improved to negative 19.7% in 2022, and improved from negative 43.1% in the three months ended March 31, 2022 to negative 16.3% in the three months ended March 31, 2023. We recorded net liabilities of RMB3,223.1 million, RMB4,739.2 million, RMB6,077.4 million and RMB6,330.8 million as of December 31, 2020, 2021, 2022 and March 31, 2023, respectively. The net liabilities were primarily attributable to the convertible redeemable preferred shares of RMB3,767.5 million, RMB5,137.2 million, RMB6,378.7 million and RMB6,565.4 million as of December 31, 2020, 2021, 2022, and March 31, 2023, respectively, issued pursuant to the Pre-**[REDACTED]** Investments. The convertible redeemable preferred shares will be redesignated from liabilities to equity as a result of automatic conversion into ordinary shares upon the **[REDACTED]** such that the net liabilities position would turn into a net asset position. Our net cash used in operating activities were RMB481.5 million, RMB1,274.7 million, RMB205.5 million and RMB133.0 million for the years ended December 31, 2020, 2021, 2022, and the three months ended March 31, 2023, respectively. These were primarily attributable to loss for the year/period. Based on our financial performance during the Track Record Period, our management considers that we are striding towards achieving profitability. See "Financial Information—Non-IFRS Measure", "Financial Information—Liquidity and Capital Resources—Net Cash Used in Operating Activities" and "Risk Factors—We incurred significant net losses and generated net operating cash outflows during the Track Record Period and we may continue to do so in the future" in this document for more information.

Our accumulated losses of RMB2,371.4 million before the start of Track Record Period were primarily attributable to costs and expenses associated with our early-stage e-commerce services and AIoT solutions, as well as investment in research and development of our operating system, as we work towards designing and improving our offerings to customers in the local retail industry and laying a strong foundation for our business operations. We recorded accumulated losses during the Track Record Period of RMB3,446.9 million, RMB5,199.4 million, RMB6,008.2 million and RMB6,327.1 million as of December 31, 2020, 2021, 2022, and March 31, 2023, respectively. Our loss-making position throughout the Track Record Period was attributable to expenses incurred in line with the growth and development of our business, including significant investment in research and development to support the continued development of our proprietary operating system, additional headcount across our internal functions consistent with our accelerated growth, and marketing resources to grow our customer base and stimulate consumer traffic for our e-commerce platform as well as logistic costs for our integrated e-commerce service. Our accumulated loss before and our loss-making position during the Track Record Period occurred during a time when we were growing rapidly and invested in developing high quality products and services to pave the way for our profitability in the long run.

We recorded a substantial decrease in adjusted net losses (non-IFRS measure) and operating cash outflows for the year ended December 31, 2022, primarily attributable to our continued gross profit improvement benefitting from new business under our retail core service cloud solutions as well as our concerted efforts to control costs and optimize our operational efficiency in 2022, including but not limited to, labor structure optimization and non-extension of certain office leases.

According to Frost & Sullivan, the local retail industry is one of the largest industries in the world, with its market size reaching RMB12.8 trillion and RMB30.7 trillion, respectively, in China and Asia in 2022. Significant market opportunity arises as the local retail industry's retail digitalization rate remains low. To fully capture this growing opportunity, we have been focusing on developing a comprehensive and growing slate of products and services that would lay a strong foundation for our long-term development and profitability, instead of seeking immediate financial returns.

Going forward, we plan to achieve long-term profitability and improve our cash flow position in view of our net operating cash outflows as of March 31, 2023, with our overall increase in revenue and through a series of cost control and efficiency enhancement measures, including: (i) optimizing our labor structure and consolidating employee responsibilities, (ii) fine-tuning our IT infrastructure to reduce cloud operations costs, and (iii) re-designing our office space to reduce our lease expense. At the same time, we have adjusted our payment policy to require brand owners to prepay fees for using our marketing and advertising services; such adjustment allows us to further improve our cash flow position.

Based on our current business model, our revenue growth and profitability primarily rely on: (i) increasing our business scale, which is in turn driven by (a) the continued expansion of our customer base, and (b) the increased spending from our customers, and (ii) achieving higher margin through better operational efficiency and improving our cost structure.

Expanding our customer base. We plan to expand our customer base by relying on our well-established market recognition and continuously upgraded products and services to meet the latest customer needs in the local retail market. Leveraging our successful lighthouse examples in implementing the Dmall OS system with leading retailers in China, we expect to further onboard regional enterprise retailers in China that will drive our long-term financial growth. We plan on continuing to grow the number of independent third-party customers and to strengthen our brand and reputation within the retail cloud solution industry. Our collaboration with leading enterprise retailers in the local retail industry deepened our know-hows and continues to facilitate our development of new modules and incorporate new industry practices. Our lighthouse collaborations help us to retain existing customers and attract new independent customers. We will continue to build a pipeline of potential customers for our new AIoT solutions. We expect to attract more customers for our AIoT solutions through our successful lighthouse collaborations with Wumei Group and Metro China Entities in which our solutions assist customers to monitor their operations and enhance operational efficiency through our equipment powered by artificial intelligence analysis. We further plan on expanding our coverage and establishing new relationships with retailers overseas. In particular, we plan to replicate our business model and expand our footprint in overseas markets in Southeast Asia and Europe, generating high-quality and sustainable revenue. In particular, we plan to swiftly implement our operating system for DFI Retail Group in Southeast Asia, to expand our product's coverage in retail stores across Hong Kong SAR, Macau SAR, Cambodia and Singapore, and Metro Group in Europe.

Increasing spending of our customers. We launched and continue to launch new and improved product offerings to enhance customer engagement and increase our customer's spending. For our retail core service cloud solutions, we are rolling out new modules and functions and diversifying and expanding our AIoT solutions. Our AIoT solutions can help retailers, especially existing Dmall OS customers, reduce costs and increase efficiency. We have launched various services under our AIoT solution business, such as intelligent merchandise replenishment, package sorting, cashier, loss prevention, and cleaning. We believe these initiatives can drive rapid revenue growth. We are also working to improve the gross margin of our AIoT solutions, which is mainly affected by non-recurring labor costs at the beginning of our new customer's service life-cycle, as we devote resources to on-board new customers to our AIoT solutions, which impact will diminish in the long-run as our collaboration with these customers mature. Further, our high exposure to advertising customers, benefiting from our expanding retail core service cloud and e-commerce service could solutions, enables us to improve our bargaining position and enhance revenue generation for our marketing and advertising business. We expect our advertising customers to begin deploying ordinary-level advertising budgets in 2023 alongside reopening measures related to COVID-19 and we expect to generate increased revenue as our customers restore spending from 2024 onwards.

GMV is a core operating metric in terms of revenue recognition for our operations.

	Year Ended December 31,			Three Months Ended March 31,	
	2020	2021	2022	2022	2023
GMV per customer ***(in RMB millions)***					
—Retail core service cloud					
—Operating system[(1)]	4,575.0	3,657.7	2,935.7	1,420.6	843.2
—AIoT solutions[(2)]	224.5	228.3	229.4	87.9	81.4
—E-commerce service cloud	197.0	164.3	221.6	72.7	42.1

Notes:

(1) Our operating system GMV per customer is calculated by dividing the GMV processed through our Dmall OS system with the number of customers using our operating system. Having removed the number of customers solely using Shenzhen Enjoy's products from the calculation, our operating system GMV per customer was RMB4,575.0 million in 2020, RMB3,657.7 million in 2021, RMB2,935.7 million in 2022, RMB1,420.6 million in the three months ended March 31, 2022 and RMB843.2 million in the three months ended March 31, 2023.

(2) Our AIOT solutions GMV per customer is calculated by dividing the GMV processed through our Scan-and-Go module with the number of customers using our Scan-and-Go solutions.

Our ability to increase spending of our customers is reflected by revenue we generate per customer.

	Year Ended December 31,			Three Months Ended March 31,	
	2020	2021	2022	2022	2023
				(unaudited)	
Revenue per customer (*in RMB millions*)					
—Retail core service cloud	2.7	1.9	2.0	1.6	0.9
—Operating system	14.9	1.7	2.0	1.7	0.8
—AIoT solutions	1.1	1.7	1.4	1.1	0.7
—E-commerce service cloud	7.4	9.7	12.1	4.0	2.8
—Marketing and advertising service cloud	0.7	1.6	1.2	0.7	0.5
Total Revenue	**3.6**	**3.0**	**2.6**	**1.9**	**1.0**
Operating expense per customer (*in RMB millions*)					
—Cost of revenue	3.9	2.0	1.5	1.1	0.6
—Research and development expenses	3.3	1.7	1.1	0.8	0.4
—Selling and marketing expenses	2.5	1.7	0.5	0.6	0.2
—General and administrative expenses	1.0	0.6	0.5	0.3	0.1
Total operating expenses	**10.7**	**6.1**	**3.5**	**2.7**	**1.2**
Gross profit per customer (*in RMB millions*)					
—Retail core service cloud	1.6	1.1	1.1	0.9	0.4
—E-commerce service cloud	(5.9)	(2.1)	0.3	(0.5)	0.2
—Marketing and advertising service cloud	0.7	1.5	1.1	0.6	0.5
Total gross profit	**(0.3)**	**1.0**	**1.2**	**0.8**	**0.5**

Revenue per customer for our operating system were RMB14.9 million, RMB1.7 million, RMB2.0 million, RMB1.7 million and RMB0.8 million in 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, respectively. The decrease from 2020 to 2021 was mainly attributable to the significant increase in the number of our operating system customers from 8 in 2020 to 167 in 2021, among which certain new customers of smaller size led to smaller revenue generated from such customers, in comparison to our early customers that are major retailers with substantial business size. Revenue per customer for our operating system decreased from RMB1.7 million in the three months ended March 31, 2022 to RMB0.8 million in the three months ended March 31, 2023, due to the continued growth of our operating system customer base which includes customers of smaller size. Revenue per customer for our AIoT solutions were RMB1.1 million, RMB1.7 million, RMB1.4 million, RMB1.1 million and RMB0.7 million in 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, respectively. The decrease from 2021 to 2022 was mainly attributable to the significant increase in the number of our AIoT customers from 86 in 2021 to 190 in 2022. The decrease from the three months ended March 31, 2022 to the three months ended March 31, 2023 was mainly due to the continued growth of our AIoT solutions customer base which includes customers of smaller size. Revenue per customer for our e-commerce service cloud were RMB7.4 million, RMB9.7 million, RMB12.1 million, RMB4.0 million and RMB2.8 million in 2020, 2021, 2022, and the three months ended March 31, 2022 and 2023, respectively. The decrease from the three months ended March 31, 2022 to the three months ended March 31, 2023 was mainly due to (i) certain customers opt to operate O2O e-commerce business in-house, (ii) the decrease in GMV processed through our platform for our retailer customers and (iii) the cease of our O2O e-commerce business we used to provide to DFI Retail Group along with our disposal of Digital (Hong Kong) Limited and DFI Digital (Singapore)

PTE. Limited in April 2022. Revenue per customer for our marketing and advertising service cloud were RMB0.7 million, RMB1.6 million, RMB1.2 million, RMB0.7 million and RMB0.5 million in 2020, 2021, 2022, and the three months ended March 31, 2022 and 2023, respectively. The decrease from 2021 to 2022 was mainly attributable to the reduction of marketing budget of advertisers amid macroeconomic uncertainties created by the COVID-19 pandemic. The decrease from the three months ended March 31, 2022 to the three months ended March 31, 2023 was mainly due to decreased advertising spending by customers.

Improving our operational efficiency. We are strategically shifting towards high-margin operating segments and generating greater revenue from our retail core service cloud solutions, which has a notably higher gross profit margin in comparison to our e-commerce service cloud solutions. Additionally, we have successfully turned the gross margin for our e-commerce service cloud positive with our concerted margin-improving efforts. We expect the adjustment of our product mix to grow high-margin segments of our business and the adoption of additional cost control measures throughout our operations to contribute to the improvement to our net profit and help us achieve positive cash flow. We have also adopted a range of strategies to enhance our performance, including retaining key staff who demonstrate exceptional productivity and possess a comprehensive understanding of the entire business cycle, from research and development to implementation. Additionally, we constantly refine and improve the cross-function collaboration among our different business groups—including business development, implementation, and research and development—in a more collaborative and efficient manner, reducing costs and expenses while simultaneously achieving substantial revenue growth.

We expect to achieve breakeven in 2024. See "Business—Business Sustainability & Path to Profitability" in this document for more information.

Working Capital Sufficiency

As of March 31, 2023, we had cash and cash equivalents of RMB477.3 million, unutilized bank loan facilities of RMB407.4 million and current financial assets measured at fair value through profit or loss of RMB14.1 million. Taking into account the financial resources available to us, including the estimated net **[REDACTED]** from the **[REDACTED]**, cash flow generated from operations, bank facilities available to us, cash and cash equivalents on hand, financial assets at fair value through profit or loss, and after due and careful enquiry, our Directors are of the view that we and our subsidiaries have sufficient working capital to meet our present needs and for the next 12 months from the date of this document. We also proactively review and adjust our cash management policy and working capital needs according to general economic conditions and our short-term business plans. In addition, in view of our net cash outflows and net losses during the Track Record Period, as well as the expected net operating cash outflows after the **[REDACTED]**, we plan to ensure our working capital sufficiency by taking advantage of above-mentioned measures to narrow down our net loss and improve our profitability. Further, as evidenced by our historical equity financing activities, we are able to obtain investment from well-known institutions. This also signifies the confidence of prominent investors in our Company. We believe that potential external financing sources, including those to which we will gain access after the **[REDACTED]**, will provide additional funding to fuel our business operation and expansion until we achieve profitability. Taking into account the above, as well as based on the written confirmation from our Company in respect of working capital sufficiency, the financial due diligence conducted on the financial information of our Group during the Track Record Period and the discussion with our Directors, the Joint Sponsors concur with our Directors' view that we and our subsidiaries have sufficient working capital to meet our present needs and for the next 12 months from the date of this document.

OUR STRENGTHS

We believe the following strengths contribute to our success: (i) the largest retail cloud solution provider in China and Asia with first-mover advantage; (ii) a leading end-to-end omni-channel retail cloud solution provider in China with proven success; (iii) blue-chip retailer customer portfolio; (iv) continuous refinement of retail technology; (v) proprietary credible SaaS products launched in overseas markets; and (vi) sophisticated management team with abundant industry experience, high operational efficiency and strong support from shareholders.

OUR STRATEGIES

We are pursuing the following strategies to achieve our mission: (i) retain and grow with existing customers through service and product innovation; (ii) expand our enterprise customer portfolio to cover more retail formats and broaden our sales network; (iii) continued investment in research and technology innovation; (iv) further global expansion; and (v) explore strategic partnerships and acquisition opportunities.

COMPETITION

The retail cloud solution industry is highly competitive, fast-evolving and fragmented. We compete with other service providers on, and continually strengthen our advantages in, the following principal factors: (i) quality of user experience; (ii) trust and brand recognition; (iii) data analytics capabilities and technology infrastructure; and (iv) ability to attract and retain customers.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of the financial information from our consolidated financial information for the Track Record Period. The summary of consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial information in this document, including the related notes. Our consolidated financial information has been prepared in accordance with IFRSs.

Selected Financial Information from Our Consolidated Statements of Profit or Loss

The following table sets forth our consolidated statements of profit or loss with key line items in absolute amounts and as a percentage of our revenue for the years/periods indicated:

	Year Ended December 31,						Three Months Ended March 31,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						*(unaudited)*			
Revenue	**486,755**	**100.0**	**1,044,592**	**100.0**	**1,500,959**	**100.0**	**383,725**	**100.0**	**389,518**	**100.0**
Cost of revenue	(523,311)	(107.6)	(686,563)	(65.7)	(831,835)	(55.4)	(228,017)	(59.4)	(210,309)	(54.0)
Gross (loss)/profit	**(36,556)**	**(7.5)**	**358,029**	**34.3**	**669,124**	**44.6**	**155,708**	**40.6**	**179,209**	**46.0**
Loss before taxation	**(1,089,572)**	**(223.8)**	**(1,824,303)**	**(174.6)**	**(842,355)**	**(56.1)**	**(247,917)**	**(64.6)**	**(343,624)**	**(88.2)**
Loss for the year/period	**(1,089,572)**	**(223.8)**	**(1,825,048)**	**(174.7)**	**(840,526)**	**(56.0)**	**(247,175)**	**(64.4)**	**(342,057)**	**(87.8)**
Attributable to:										
Equity shareholders of the Company	(1,075,448)	(220.9)	(1,750,680)	(167.6)	(807,406)	(53.8)	(215,685)	(56.2)	(318,847)	(81.9)
Non-controlling interests	(14,124)	(2.9)	(74,368)	(7.1)	(33,120)	(2.2)	(31,490)	(8.2)	(23,210)	(6.0)

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted loss (non-IFRS measure) and adjusted net margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, the IFRS.

We believe adjusted loss (non-IFRS measure) provides useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted loss (non-IFRS measure) has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRSs.

We define adjusted loss (non-IFRS measure) as loss for the year/period adjusted by adding back equity-settled share-based payment expenses, fair value change of convertible redeemable preferred shares and **[REDACTED]**. We exclude equity-settled share-based payment expenses because they are non-cash in nature, and do not result in cash outflow. Fair value change of convertible redeemable preferred shares represents fair value changes of the convertible redeemable preferred shares issued by our Company and relate to the changes in the valuation of our Company.

The following table reconciles adjusted loss (non-IFRS measure) for the years/periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is loss for the years/periods:

	Year Ended December 31,			Three Months Ended March 31,	
	2020	2021	2022	2022	2023
			(RMB in thousands)	*(unaudited)*	
Loss for the year/period	(1,089,572)	(1,825,048)	(840,526)	(247,175)	(342,057)
Add:					
Equity-settled share-based payment expenses(1)	31,954	134,140	12,530	2,591	3,097
Fair value change of convertible redeemable preferred shares(2)	73,142	732,280	493,191	73,408	270,807
[REDACTED](3)	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted loss (non-IFRS measure) for the year/period	**(984,476)**	**(958,628)**	**(296,414)**	**(165,411)**	**(63,605)**

Notes:

(1) Equity-settled share-based payment expenses mainly represent share-based compensation expenses incurred in connection with our 2016 Share Incentive Plan and 2020 Share Incentive Plan. Equity-settled share-based payment expenses are not expected to result in future cash payments. The reconciling item is non-cash and does not result in cash outflow, and the adjustment has been consistently made during the Track Record Period. The significant increase in share-based payment expenses in 2021 was mainly due to our Company accelerating the vesting of 75,000,000 RSUs in October 2021. It resulted in unrecognized share-based compensation expenses being recognized for services that our Group would have received over the remainder of the vesting period.

(2) Fair value change of convertible redeemable preferred shares represents fair value changes of the convertible redeemable preferred shares issued by our Company and relate to changes in the valuation of our Company. We do not expect to record any further changes in fair value of the convertible redeemable preferred shares after the **[REDACTED]** as such convertible redeemable preferred shares will be converted from liabilities to equity as a result of the automatic conversion into ordinary shares upon the **[REDACTED]**. The reconciling item is non-cash and does not result in cash outflow. The convertible redeemable preferred shares will be redesignated from liabilities to equity as a result of automatic conversion into ordinary shares upon the **[REDACTED]** such that the net liabilities position would turn into a net asset position.

(3) **[REDACTED]** represent expenses related to the **[REDACTED]**.

Our adjusted net losses (non-IFRS measure) amounted to RMB984.5 million, RMB958.6 million, RMB296.4 million, RMB165.4 million and RMB63.6 million for the years ended December 31, 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, respectively. We have historically recorded adjusted net losses (non-IFRS measure) for 2020, 2021, 2022 and the three months ended March 31, 2023, primarily attributable to expenses incurred in line with the growth and development of our business, including significant investment in research and development to support the continued development of our proprietary operating system, additional headcount across our internal functions consistent with our accelerated growth, and marketing resources to grow our customer base and stimulate consumer traffic for our e-commerce platform as well as logistic costs under our integrated e-commerce service solutions.

In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, we recorded net losses of RMB1,089.6 million, RMB1,825.0 million, RMB840.5 million, RMB247.2 million and RMB342.1 million, respectively. Our net loss increased from RMB1,089.6 million for the year ended December, 2020, to RMB1,825.0 million for the year ended December 31, 2021, primarily attributable to (i) fair value change of convertible redeemable preferred shares, which represents fair value changes of the convertible redeemable preferred shares issued by our Company and relates to changes in the valuation of our Company and (ii) share-based payment expenses mainly due to our Company accelerating the vesting of 75,000,000 RSUs in October 2021. The increases in our loss were partially offset by our gross profit improvement as a result of (i) continued growth under our retail core service cloud solutions, (ii) decreasing logistics costs as a percentage of e-commerce service cloud revenues and (iii) stable development of our marketing and advertising service cloud solutions. Our net loss decreased from RMB1,825.0 million for the year ended December 31, 2021, to RMB840.5 million for the year ended December 31, 2022, respectively, primarily attributable to the decreases in fair value changes of the convertible redeemable preferred shares and share-based payment expenses, together with our continued gross profit improvement in retail core service cloud solutions and e-commerce service cloud solutions as well as our concerted efforts to control costs and optimize our operational efficiency in 2022, including but not limited to, labor structure optimization and decreased promotional incentives to retail consumers as a result of our strategic decision to control cost and limit investment in our O2O operations. Our net loss increased from RMB247.2 million for the three months ended March 31, 2022, to RMB342.1 million for the three months ended March 31, 2023, respectively, primarily attributable to the increase in fair value change of convertible redeemable preferred shares, which offset our continued gross profit improvement as well as our concerted efforts to control costs and optimize our operational efficiency.

See "Financial Information—Non-IFRS Measure" in this document for more information.

Revenue

During the Track Record Period, we derived our revenue primarily from the provision of our services of (i) retail core service cloud, (ii) e-commerce service cloud and (iii) marketing and advertising service cloud. Our revenue increased by 114.6% from RMB486.8 million in 2020 to RMB1,044.6 million in 2021, and further increased by 43.7% to RMB1,501.0 million in 2022. Our revenue increased by 1.5% from RMB383.7 million for the three months ended March 31, 2022 to RMB389.5 million for the three months ended March 31, 2023. For a detailed description of each of the retail cloud solutions we offer, see "Business—Our Service Offerings."

The following table sets forth a breakdown of our revenue by operating segment both in absolute amount and as a percentage of our total revenue for the years/periods presented:

	Year Ended December 31,						Three Months Ended March 31,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						*(unaudited)*			
Retail core service cloud	197,884	40.7	438,814	42.0	880,502	58.7	214,342	55.9	267,323	68.6
- *Operating system*	119,425	24.5	288,481	27.6	616,529	41.1	150,227	39.2	162,168	41.6
- *AIoT solutions*	78,459	16.2	150,333	14.4	263,973	17.6	64,115	16.7	105,155	27.0
E-commerce service cloud	245,015	50.3	409,312	39.2	447,487	29.8	120,902	31.5	83,126	21.4
Marketing and advertising service cloud	43,856	9.0	196,466	18.8	172,970	11.5	48,481	12.6	39,069	10.0
Total revenue	**486,755**	**100.0**	**1,044,592**	**100.0**	**1,500,959**	**100.0**	**383,725**	**100.0**	**389,518**	**100.0**

Retail core service cloud

In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, revenues from our retail core service cloud solutions were RMB197.9 million, RMB438.8 million, RMB880.5 million, RMB214.3 million and RMB267.3 million, respectively, representing 40.7%, 42.0%, 58.7%, 55.9% and 68.6% of our total revenues in the same years/periods. The increases in our revenue from retail core service cloud solutions during the Track Record Period was primarily due to (i) an increase in GMV processed through the operating system as a result of (a) a greater number of customers adopting our operating system as we continue to attract, retain and cooperate with enterprise retail customers through expanded business development channels and (b) the expansion of our product portfolio and modules, (ii) an increase in sales generated from greater adoption of our AIoT solutions by customers as we expanded our AIoT service and product offerings during the Track Record Period, (iii) an increase in revenue generated from software development and maintenance services associated with our acquisition of Shenzhen Enjoy in November 2021, and (iv) new customization revenues from existing customers who demanded additional customized functionalities on our operating system due to respective business needs.

E-commerce service cloud

In 2020, 2021, 2022, revenues from our e-commerce service cloud solutions were RMB245.0 million, RMB409.3 million, RMB447.5 million, respectively, representing 50.3%, 39.2% and 29.8% of our total revenues in the same years. The increases in our revenue from e-commerce service cloud solutions during the Track Record Period were primarily due to (i) the increase in total GMV processed through our O2O platform together with the expansion of our customer base, (ii) the decrease in sales incentive offered to certain retailer customers related to promoting our solutions, which were recorded as deduction of revenue under e-commerce service cloud solutions as we do not receive a distinct good or service or the fair value of the good or service received cannot be reasonably estimated, and (iii) an increase in take rate we charged for certain retailer customers. In the three months ended March 31, 2022 and 2023, revenue generated from our e-commerce service cloud solutions were RMB120.9 million and RMB83.1 million, respectively, representing 31.5% and 21.3% of our total revenues in the same periods. The decrease in our revenue from e-commerce service cloud solutions during the same period was primarily due to (i) that certain customers opt to operate O2O e-commerce business in-house, (ii) the decrease in GMV processed through our platform for our retailer customers and (iii) the cease of our O2O e-commerce business we used to provide to DFI Retail Group along with our disposal of Digital (Hong Kong) Limited and DFI Digital (Singapore) PTE. Limited in April 2022. For details, see "History, Reorganization and Corporate Structure—Acquisitions and Disposals—(2) DFI Digital (Hong Kong) Limited and DFI Digital (Singapore) PTE. Limited."

Marketing and advertising service cloud

In 2020 and 2021, revenue generated from our marketing and advertising service cloud solutions were RMB43.9 million and RMB196.5 million, respectively, representing 9.0% and 18.8% of our total revenues in the same years. The increases in our revenue from marketing and advertising service cloud solutions during this period were primary due to continued growth in our customer base of advertising customers. In 2021 and 2022, revenue generated from our marketing and advertising service cloud solutions were RMB196.5 million and RMB173.0 million, respectively, representing 18.8% and 11.5% of our total revenues in the same periods. The decrease in our revenue from marketing and advertising service cloud solutions during this period was primarily due to reduced spending of advertising customers on marketing and promotional activities due to unfavorable market conditions. In the three months ended March 31, 2022 and 2023, revenue generated from our marketing and advertising service cloud solutions were RMB48.5 million and RMB39.1 million, respectively, representing 12.6% and 10.0% of our total revenues in the same periods. The decrease in our revenue from marketing and advertising service cloud solutions during this period was primarily due to reduced advertisement deployment by advertising customers.

Gross (Loss)/profit and Gross Margin

We had a total gross profit margin of negative 7.5%, 34.3%, 44.6%, 40.6% and 46.0% in the years ended December 31, 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, respectively, driven by our strategic shift towards high-gross-margin operating segments and greater revenue contribution of our retail core service cloud business, which has a notably high gross profit margin.

The following table sets forth our gross (loss)/profit in absolute amounts and as percentages of relevant segment revenue, or gross margin, for the years/periods indicated:

	Year Ended December 31,						Three Months Ended March 31,			
	2020		2021		2022		2022		2023	
	Gross Profit/ (Loss)	Gross Margin	Gross Profit/ (Loss)	Gross Margin	Gross Profit/ (Loss)	Gross Margin	Gross Profit/ (Loss)	Gross Margin	Gross Profit/ (Loss)	Gross Margin
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						*(unaudited)*			
Retail core service cloud	113,703	57.5	260,163	59.3	494,570	56.2	124,740	58.2	136,344	51.0
E-commerce service cloud	(193,430)	(78.9)	(87,490)	(21.4)	10,351	2.3	(14,219)	(11.8)	5,460	6.6
Marketing and advertising service cloud	43,171	98.4	185,356	94.3	164,203	94.9	45,187	93.2	37,405	95.7
Total	**(36,556)**	**(7.5)**	**358,029**	**34.3**	**669,124**	**44.6**	**155,708**	**40.6**	**179,209**	**46.0**

The retail core service cloud solutions segment had a gross profit margin of 57.5% and 59.3% in 2020 and 2021, respectively, driven by (i) an increased number of customers using our solutions, leading to revenue growth and gross margin improvement as we generate new streams of revenue from charging take-rate, subscription fees and customization, implementation, software development and maintenance fees, (ii) an increased GMV processed through our operating system, which in turn leads to growth in take-rate revenue correlated with GMV and further leads to gross margin improvement, and (iii) the decrease in sales incentive offered to certain retailer customers for using AIoT solutions. The retail core service cloud solutions segment had a gross profit margin of 59.3% and 56.2% in 2021 and 2022, respectively, driven by increased sales from our AIoT solutions with relatively lower gross margins including digitalized smart tags and intelligent loss prevention solutions, in comparison to other components of our retail core service cloud solutions. The retail core service cloud solutions segment had a gross profit margin of 58.2% and 51.0% in the three months ended March 31, 2022 and 2023, respectively, driven by the launch of additional AIoT solutions with relatively lower gross margins in comparison to other components of our retail core service cloud solutions.

The e-commerce service cloud solutions segment had a gross margin of negative 78.9%, negative 21.4%, 2.3%, negative 11.8% and 6.6% in the years ended December 31, 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, respectively. The gross loss margin in 2020 and 2021 and low gross profit margin in 2022 and the three months ended March 31, 2022 and 2023 were mainly due to high logistics cost, accounting for over 70% of revenue from our e-commerce service cloud solutions. The continued operation of our e-commerce service cloud is accompanied by the continued improvement and turning positive of the gross margin, primarily driven by (i) charging a higher take rate for customers using our e-commerce service cloud, leading to revenue growth for this segment of our operations, (ii) a decrease in sales incentive offered to certain retailer customers through our e-commerce service cloud solutions, and (iii) a decrease in logistics cost due to the introduction of our delivery service bidding process as well as certain customers transitioning to an in-house delivery model in lieu of using our on-demand delivery service. Our gross margin increased from negative 11.8% to 6.6% primarily due to the decrease in logistics costs as certain customers opt to operate O2O e-commerce business in-house.

We adopted a competitive bidding process in April 2020 which we believe provides a thorough way for us to evaluate a logistics service provider's service proposal and competencies. Our logistic department first discusses their requirements with our procurement department to issue a request for proposal to initiate the bidding process. Our procurement department then sources logistics service providers and effectively communicates the service requirements and qualifications needed. After collecting the bids, we evaluate each bid by comparing them against each other and our requirements to determine the logistic service supplier that best meet our needs with the lowest price quotation. We will then run internal approval to finalize the bidding process. As of March 31, 2023, we had collaborated with 47 logistics service providers in China. On the one hand, our expanded business scope and increased delivery volume has strengthened our bargaining power with service providers. On the other hand, the bidding process allows us to differentiate geographical regions and thus differentiate our costs for each location. In addition, after the introduction of our delivery service bidding process, our Company terminated cooperation with substantially all delivery vendors with minimum order quantity requirements which required us to account for the gap amount of delivery fees when the required minimum quantity of O2O delivery orders was not met. By enhancing our fulfillment capabilities in O2O business with collaboration with a larger delivery vendor base through our delivery bidding process, we have also reduced our subsidy granted to riders during high demand periods since 2021.

The marketing and advertising service cloud solutions segment had a gross profit margin of 98.4% and 94.3% in 2020 and 2021, respectively, primarily due to increased labor cost associated with the growth of our advertising customer base. The marketing and advertising service cloud solutions segment had a gross profit margin of 94.3% and 94.9% in 2021 and 2022, respectively, and of 93.2% and 95.7% in the three months ended March 31, 2022 and 2023, respectively, primarily due to our concerted efforts to optimize our cost structure and increase overall operational efficiency for this segment in 2022 and the three months ended 2023.

Summary of the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from the Accountants' Report set out in Appendix I to this document:

	As of December 31,			As of March 31,
	2020	2021	2022	2023
	(RMB in thousands)			
Total non-current assets	291,772	632,979	496,240	503,469
Total current assets	1,280,202	648,123	810,924	789,452
Total assets	**1,571,974**	**1,281,102**	**1,307,164**	**1,292,921**
Total non-current liabilities	3,865,810	5,241,832	6,651,424	6,868,903
Total current liabilities	929,307	778,518	733,107	754,799
Total liabilities	**4,795,117**	**6,020,350**	**7,384,531**	**7,623,702**
Net current assets/(liabilities)	**350,895**	**(130,395)**	**77,817**	**34,653**
Total assets less current liabilities	**642,667**	**502,584**	**574,057**	**538,122**
Non-controlling interests	84,165	83,155	83,134	77,671
Total deficit	**(3,223,143)**	**(4,739,248)**	**(6,077,367)**	**(6,330,781)**

We recorded net current assets of RMB350.9 million as of December 31, 2020, compared to net current liabilities of RMB130.4 million as of December 31, 2021, primarily due to (i) a decrease of RMB766.2 million in our cash and cash equivalents and (ii) an increase of RMB43.4 million in our contract liabilities, partially offset by (i) an increase of RMB70.8 million in trade receivables, (ii) an increase of RMB55.7 million in our restricted bank deposits and (iii) a decrease of RMB212.5 million in our accrued expenses and other payables. We recorded net current liabilities of RMB130.4 million as of December 31, 2021, compared to net current assets of RMB77.8 million as of December 31, 2022, primarily due to (i) an increase of RMB164.3 million in our cash and cash equivalents, (ii) a decrease of RMB57.1 million in our accrued expenses and other payables and (iii) an increase of RMB47.4 million in our trade receivables, partially offset by (i) a decrease of RMB42.2 million in prepayments, deposits and other receivables and (ii) an increase of RMB14.4 million in our trade payables. We recorded net current assets of RMB77.8 million as of December 31, 2022, compared to net current assets of RMB34.7 million as of March 31, 2023, primarily due to (i) an increase of RMB72.7 million in bank loans and other borrowings, (ii) a decrease of RMB55.8 million in cash and cash equivalents, (iii) a decrease of RMB37.8 million in restricted bank deposits, partially offset by (i) a decrease of RMB83.9 million in accrued expenses and other payables, (ii) an increase of RMB33.6 million in prepayments, deposits and other receivables and (iii) an increase of RMB28.0 million in trade receivables.

We recorded net liabilities of RMB3,223.1 million, RMB4,739.2 million, RMB6,077.4 million and RMB6,330.8 million as of December 31, 2020, 2021, 2022 and March 31, 2023, respectively. The net liabilities were primarily attributable to the increase in convertible redeemable preferred shares issued pursuant to the Pre-**[REDACTED]** Investments. The convertible redeemable preferred shares will be redesignated from liabilities to equity as a result of automatic conversion into ordinary shares upon the **[REDACTED]** such that the net liabilities position would turn into a net asset position. Our net liabilities increased from RMB3,223.1 million as of December 31, 2020 to RMB4,739.2 million as of December 31, 2021, primarily due to loss for the year of RMB1,825.0 million, partially offset by reserve from equity settled share-based transactions of RMB134.1 million and by acquisition of a subsidiary of RMB74.5 million, representing the non-controlling shareholders' interests associated with the acquisition of Shenzhen Enjoy in November 2021. Our net liabilities increased from RMB4,739.2 million as of December 31, 2021 to RMB6,077.4 million as of December 31, 2022, primarily due to (i) loss for the year of RMB840.5 million, (ii) other comprehensive loss of RMB500.0 million representing exchange difference on translation of financial statements, (iii) purchase of non-controlling interests of RMB96.0 million, representing share buy-back and cancellation of Retail Technology Asia shares and our purchase of additional 9.93% shares of interests in Shenzhen Enjoy, and (iv) dividends declared by a subsidiary attributable to non-controlling interests of RMB4.3 million, representing the dividends paid to the non-controlling shareholders of Shenzhen Enjoy in May 2022, partially offset by (i) contribution from non-controlling shareholders of subsidiaries of RMB90.2 million, representing the capital injection into Retail Technology Asia from the non-controlling shareholder and capital injection into Dmall Zhilian from Beijing Wumart Supermarket Co., Ltd., and (ii) reserve from equity settled share-based transactions of RMB12.5 million. Our net liabilities increased from RMB6,077.4 million as of December 31, 2022 to RMB6,330.8 million as of March 31, 2023, primarily due to loss for the period of RMB342.1 million, partially offset by other comprehensive income of RMB83.4 million representing exchange difference on translation of financial statements.

Selected Consolidated Cash Flows Statements Items

The following table sets forth a summary of our cash flows for the years/periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2020	**2021**	**2022**	**2022**	**2023**
	(RMB in thousands)			*(unaudited)*	
Net cash used in operating activities	(481,460)	(1,274,677)	(205,501)	(127,199)	(133,044)
Net cash generated from/(used in) investing activities	429,759	(321,400)	68,847	(21,216)	(4,801)
Net cash generated from financing activities	1,041,669	833,719	282,425	25,825	83,140
Net increase/(decrease) in cash and cash equivalents	**989,968**	**(762,358)**	**145,771**	**(122,590)**	**(54,705)**
Cash and cash equivalents at the beginning of the year/period	163,785	1,134,873	368,716	368,716	533,054
Effect of foreign currency exchange rate changes	(18,880)	(3,799)	18,567	1,606	(1,049)
Cash and cash equivalents at the end of the year/period	**1,134,873**	**368,716**	**533,054**	**247,732**	**477,300**

Our net cash used in operating activities were RMB481.5 million, RMB1,274.7 million, RMB205.5 million, RMB127.2 million and RMB133.0 million for the years ended December 31, 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, respectively. These were primarily attributable to loss for the year/period. See "Financial Information—Liquidity and Capital Resources—Net Cash Used in Operating Activities" in this document for more information.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the years/periods indicated:

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2020	2021	2022	2022	2023
				(unaudited)	
Revenue growth rate	84.0%	114.6%	43.7%	—	1.5%
Gross margin (1)	(7.5%)	34.3%	44.6%	40.6%	46.0%
Net margin (2)	(223.8%)	(174.7%)	(56.0%)	(64.4%)	(87.8%)
Adjusted net margin (non-IFRS measure)(3)	(202.3%)	(91.8%)	(19.7%)	(43.1%)	(16.3%)

Notes:

(1) Equals gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.

(2) Equals loss for the year/period divided by revenue for the year/period and multiplied by 100%.

(3) Equals adjusted loss (non-IFRS measure) for the year/period divided by revenue for the year/period and multiplied by 100%.

RISK FACTORS

There are certain risks involved in our operations, some of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business and industry; (ii) risks relating to doing business in China; and (iii) risks relating to the **[REDACTED]**. We believe that the most significant risks we face include:

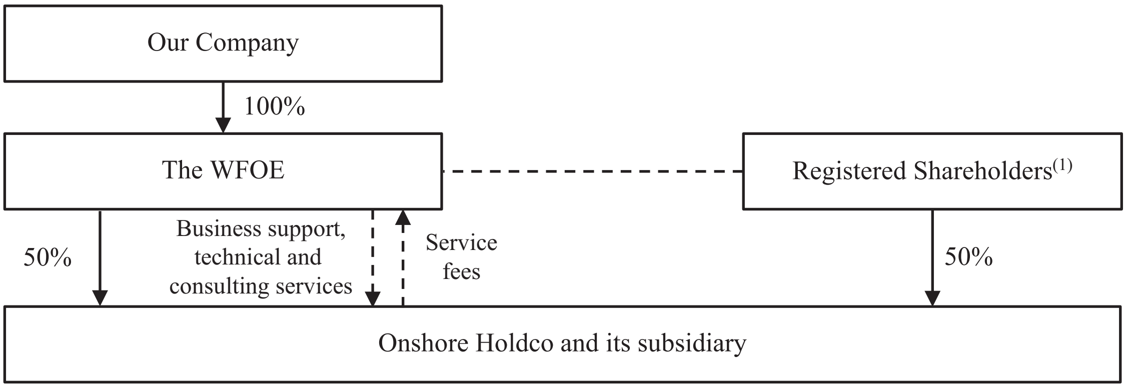
- Our limited operating history and evolving business model in a developing market make it difficult to evaluate our business and prospects. We cannot guarantee that we will be able to sustain our historical growth, effectively manage our growth, control our costs and expenses, or implement our business strategies.
- We incurred significant net losses and generated net operating cash outflows during the Track Record Period and we may continue to do so in the future.
- We currently have a relatively concentrated customer base with a limited number of major customers. The loss of one or more of our major customers, a failure to renew our agreements with one or more of our major customers, or a failure to expand our customer base, could negatively affect our results of operations and ability to market our services.
- We heavily rely on the Related Entities, namely Wumei Group, Chongqing Department Store Group, Yinchuan Xinhua Group, Metro China Entities, and B&T Entities, and any material changes in our relationships with the Related Entities would have a material adverse impact on our business, financial conditions and operating results.
- If we fail to improve and enhance the functionality, performance, reliability, design, security and scalability of our Dmall OS system, AIoT solutions, Dmall mobile app, mini-programs, and other service offerings in a manner that responds to our customers' evolving needs, our business and results of operations may be adversely affected.
- We are dependent on the performance of our retailers and brand owners as we generate income from their transactions processed through us. Operational and financial failures of our retailers and brand owners may adversely affect our financial condition and results of operation.
- If the market for retail cloud solutions develops more slowly than we expect or declines, our business could be adversely affected.

- If we fail to adopt new technologies or adapt our applications, services, and systems to changing customer preferences or emerging industry standards, or if our efforts to invest in the development of new technologies are unsuccessful or ineffective, we may need to substantially increase our research and development expenditure, and our business may be materially and adversely affected.
- We may incur impairment losses on our intangible assets and goodwill.

CONTRACTUAL ARRANGEMENTS

Investment in certain areas of the industries in which we operate and may operate are subject to restrictions under the applicable PRC laws and regulations. In line with common practice in the PRC for industries subject to foreign investment restrictions, we maintain effective control over, and receive all the economic benefits generated by the businesses currently operated by, our Consolidated Affiliated Entities through Contractual Arrangements between Shenzhen Xintonglu, on the one hand, and our Consolidated Affiliated Entities and their Registered Shareholders, on the other hand, instead of holding the Consolidated Affiliated Entities entirely through equity ownership. For further details, please see the section headed "Contractual Arrangements" in this document.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group under the Contractual Arrangements:



Notes:

(1) Registered Shareholders refer to the registered shareholders of the Onshore Holdco other than Shenzhen Xintonglu, namely: Mr. ZHANG Feng and Ms. LU Yuxin, each holding 45% and 5% legal ownership in the Onshore Holdco, respectively.

(2) "—>" denotes direct legal and beneficial ownership in the equity interest.

(3) "--->" denotes contractual relationship.

(4) "----" denotes the control by Shenzhen Xintonglu over the Registered Shareholders and the Onshore Holdco through (i) powers of attorney to exercise all shareholders' rights in the Onshore Holdco; (ii) exclusive call options to acquire all or part of the equity interests and/or assets in the Onshore Holdco; and (iii) equity pledges over the equity interests in the Onshore Holdco (subject to registration of equity pledge with the local SAMR).

Please refer to the sections headed "Risk Factors—Risks Relating to Our Corporate Structure" and "Contractual Arrangements—Development in PRC Legislation on Foreign Investment" for further details about the risks relating to the Contractual Arrangements.

PRE-[REDACTED] INVESTMENTS

We received multiple series of equity financing from our Pre-**[REDACTED]** Investors to support our expanding business operations. Our diverse base of Pre-**[REDACTED]** Investors consists of, among others, Tencent, IDG Capital, Industrial Bank, China Structural Reform Fund and Shenzhen Investment Holding Bay Area Equity Investment Fund Partnership. As of the Latest Practicable Date, approximately 96.8% of the proceeds from Pre-**[REDACTED]** Investments had been utilized. On May 27, 2022, we entered into Convertible Bond Investment Agreements with Beijing Heyin, pursuant to which our Company agreed to issue, and Beijing

Heyin agreed to subscribe for a convertible bond in the principal amount of RMB190 million. Our Company issued such Convertible Bond to Beijing Heyin on June 15, 2022. For further details, please refer to the section headed "History, Reorganization and Corporate Structure—Pre-**[REDACTED]** Investments" in this document.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised, the Convertible Bond is not converted and no Shares are issued under the Share Incentive Plans), Dr. Zhang, our founder and senior advisor, will be interested in and control in aggregate 502,452,135 Shares through a number of intermediaries wholly-owned or controlled by him, representing approximately **[REDACTED]**% of our total issued Shares in aggregate. Therefore, Dr. Zhang, together with such intermediaries, will constitute a group of Controlling Shareholders of our Company upon the **[REDACTED]**. For further details of our Controlling Shareholders, please see the section headed "Relationship with the Controlling Shareholders".

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the **[REDACTED]** of, and permission to **[REDACTED]** in, (i) the Shares in issue and to be issued pursuant to the **[REDACTED]** and upon the exercise of the **[REDACTED]**, (ii) the Shares which may be issued upon conversion of the Convertible Bond and (iii) any Shares to be issued pursuant to the Share Incentive Plans. We satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2021, being RMB1,044.6 million, which is significantly 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 low end of the **[REDACTED]**, exceeds HK$4 billion as required by Rule 8.05(3) of the Listing Rules.

DIVIDEND POLICY

We are a holding company incorporated under the laws of the British Virgin Islands. As a result, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year determined according to PRC accounting principles, which differs in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves until the aggregate amount of such fund reaches 50% of its registered capital, which are not available for distribution as cash dividends. Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate. During the Track Record Period, no dividends have been paid or declared by our Company.

Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. As advised by our BVI legal adviser, so long as we satisfy the solvency test, namely, (i) the value of the our assets exceeds our liabilities, and (ii) we are able to pay our debts as they become due immediately after the distribution, our Directors may authorize a distribution by way of dividend at a time and of such an amount as they see fit, subject to our Memorandum of Association. The declaration, payment and amount of dividends will be subject to our Directors' discretion, if they are satisfied, on reasonable grounds, that immediately after the payment of the dividend, the value of our Company's assets will exceed its liabilities and our Company is able to pay its debts as they fall due. **[REDACTED]** should not **[REDACTED]** our shares with the expectation of receiving cash dividends. We did not declare or pay any dividends on our shares during the Track Record Period. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

[REDACTED]

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the stated range of the **[REDACTED]** of between HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]**), we estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** million from the **[REDACTED]** after deducting the **[REDACTED]** and fees and other estimated expenses in connection with the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised. In line with our strategies, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set out below:

- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, to develop new applications and new service modules;
- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, for talent acquisition associated with the expansion of our operations;
- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, to selectively pursue strategic cooperation, investments and acquisitions that are complementary to our organic growth strategies, particularly those that can complement our product offerings, strengthen our technology capabilities, and solidify our market position;

- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, to expand our sales network and further strengthen our brand reputation; and
- Approximately **[REDACTED]**%, or HK$**[REDACTED]** million, for working capital and general corporate purposes.

For details, please see the section headed "Future Plans and Use of **[REDACTED]**" in this document.

RECENT DEVELOPMENTS

We are working on rolling out new modules and functions, and diversifying and expanding our AIoT solutions, such as intelligent loss prevention solutions, intelligent energy saving solutions, intelligent merchandise replenishment solutions, intelligent package sorting solutions and intelligent cashier solutions, which all provide customers with a combined solution of AIoT hardware and services. We launched our intelligent loss prevention solutions in 2022 and our intelligent merchandise replenishment solutions, intelligent package sorting solutions and intelligent cashier solutions in 2023 with Wumei Group; we expect to generate significant revenue from our contracts with Wumei Group for these solutions in 2023. We have also signed new contracts for the offering of retail core service cloud with a leading department store headquartered in Taiwan, China in 2023.

In May 2023, we completed an additional drawdown of RMB15.0 million under the revolving loan facility of RMB300.0 million with Bank of Beijing.

To the best of our knowledge, since March 31, 2023 (being the date on which the latest consolidated financial information of our Group was prepared) and up to the date of this document, other than as described in this "Recent Development" section there has been no material adverse change in our business operations, the business environment in which we operate, as well as our financial or trading position, indebtedness, mortgage, contingent liabilities, or trading position, indebtedness, mortgage, contingent liabilities, or guarantees.

Recent Regulatory Development

Regulatory Developments on Rules relating to Overseas Listing

On July 6, 2021, the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) was jointly issued by the General Office of the Communist Party of China Central Committee and the General Office of the State Council, which steps up scrutiny of overseas listings by companies and calls for strengthening cooperation in cross-border regulation, amending relevant laws and regulations on cybersecurity, cross-border data transmission and confidential information management, including the confidentiality requirement and file management related to the issuance and listing of securities overseas, enforcing the primary responsibility of the enterprises for information security of China-based overseas listed companies and promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. On February 17, 2023, the CSRC published 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》) and five supporting guidelines (collectively, the "**Overseas Listing Filing Rules**"), which took effective on March 31, 2023 and regulate both direct and indirect overseas offering and listing of PRC-based companies by adopting a filing-based regulatory regime. Direct overseas offering and listing refers to overseas offering and listing by a PRC-incorporated joint-stock company, while indirect overseas offering and listing refers to overseas offering and listing based on the underlying equity, assets, earnings or other similar rights of PRC entities by an overseas company with operations primarily in the PRC. In the context of indirect overseas offering and listing, if the issuer meets both following criteria, its overseas offering and listing would be captured by the filing requirement: (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 accounting year is accounted for by domestic companies, and (ii) the main parts of the issuer's business activities are conducted in China, or its main places of business are located in China, or the senior managers in charge of its business operation and management are mostly Chinese citizens or domiciled in China. We have met both criteria and shall therefore comply with the relevant requirements under the Overseas Listing Filing Rules in connection with our **[REDACTED]**. According to the Notice on the Management Arrangements for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) issued by the CSRC on February 17, 2023 , PRC domestic companies that have submitted valid applications for overseas listing but have not yet received approvals from the overseas regulators or stock exchanges by or before March 31, 2023 may reasonably determine the timing to submit the filings and shall complete the filing procedures prior to their overseas listing. We has taken comprehensive steps to ensure its compliance with the requirements of the Overseas Listing Filing Rules (including preparing required materials and making the filings with respect to the **[REDACTED]** required under the Overseas Listing Filing Rules) and will continue to monitor the developments in the interpretation and implementation of the Overseas Listing Filing Rules as well as any other legislative and regulatory developments in respect of overseas Listing of domestic companies.

On February 23, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection and the National Archives Administration of China jointly promulgated the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》, the "**Confidentiality and Archives Administration Provisions**"), which took effective on March 31, 2023. The Confidentiality and Archives Administration Provisions provide that PRC-based companies seeking to offering and listing securities in overseas markets, either directly or indirectly, shall establish and improve confidentiality and archives system, take necessary measures to carry out the responsibility of confidentiality and archival administration, and shall not divulge the state secrets and the work secrets of PRC government agencies or damage the interests of the state or the public.

Regulatory Developments on Cybersecurity and Data Privacy

On December 28, 2021, thirteen government authorities, including the CAC, jointly released the Cybersecurity Review Measures (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which took effect on February 15, 2022. The Cybersecurity Review Measures provide that, network platform operators with personal information of over one million users shall be subject to cybersecurity review before listing abroad (國外上市). We, together with our PRC Legal Adviser conducted a consultation with the Vice Director of the Beijing CAC (the "CAC director") on January 20, 2022. The CAC director advised that the term "listing on a foreign stock exchange (國外上市)" under the Cybersecurity Review Measures does not include "listing in Hong Kong." As advised by our PRC Legal Adviser in respect of PRC data compliance law, the CAC director has the authority to represent Beijing CAC.

The Cybersecurity Review Measures further stipulate that critical information infrastructure operators that procure internet products and services, and network platform operators engaging in data processing activities, shall be subject to the cybersecurity review if their activities affect or may affect national security. In addition, the relevant government authorities may initiate the cybersecurity review against the relevant operators if the authorities believe that the network products or services or data processing activities of such operators affect or may affect national security. As of the Latest Practicable Date, we had not been notified by any authorities of being classified as a critical information infrastructure operator. Furthermore, we only collect personal information and operational data that is unrelated to activities affecting national security, and we do not process any core or important data as defined by the Data Security Law.

On November 14, 2021, the CAC published the Administration Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Regulations on Cyber Data Security**"), which provides the circumstances under which data processors shall apply for cybersecurity review, including, among others, when (i) the data processors who process personal information of more than one million individuals apply for a "foreign" listing; and (ii) the data processors' listing in Hong Kong affects or may affect national security. We possess the personal information of over one million users. However, the Draft Regulations on Cyber Data Security provides no further explanation or interpretation as to how to determine what constitutes "affecting national security" for a proposed listing in Hong Kong. As of the Latest Practicable Date, the Draft Regulations on Cyber Data Security have not been formally adopted. Substantial uncertainties exist with respect to its enactment timetable, final content, interpretation and implementation. We cannot predict the impact of these draft measures, and we will closely monitor and assess any development in the rule-making process.

During the Track Record Period and up to the Latest Practicable Date, considering (i) there had been no material incident of data or personal information leakage, infringement of data protection and privacy laws and regulations or investigation or other legal proceeding, pending or threatened against us initiated by competent government authorities or third parties; (ii) we have not been subject to any material fines, administrative penalties or other sanctions, or received any enquiries, notices or warnings from any relevant regulatory authorities in relation to the infringement of cybersecurity and data protection laws and regulations, and have not been involved in any investigations on cybersecurity review by CAC; and (iii) we have maintained a comprehensive and rigorous data protection program and implemented comprehensive and strict internal policies, procedures and measures to ensure our compliance practice in data protection, our Directors and PRC Legal Adviser in respect of PRC data compliance law are of the view, and the Joint Sponsors concur, that (i) the Group would be able to comply with the Cybersecurity Review Measures and the Draft Regulations on Cyber Data Security in all material aspects and (ii) the Cybersecurity Review Measures and the Draft Regulations on Cyber Data Security, if implemented in the current form, would not have a material adverse impact on our business operations or the proposed **[REDACTED]**.

IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has materially and adversely affected China and many parts of the world, leading to widespread lockdowns. The global spread of COVID-19 and the associated prevention and control measures imposed by countries and regions around the world has resulted in systematic macro-economic distress, adversely impacting global consumer purchasing sentiment and capabilities, supply chain and logistics services.

In light of such challenges, our retail core service cloud solutions, e-commerce service cloud solutions, and marketing and advertising service cloud solutions were disparately affected by COVID-19: (i) our retail core service cloud's online and offline product offerings experienced different operating conditions. With reduced retail consumer foot traffic in offline retail stores, our revenue generated from customer take rate suffered as a result of a general reduction of GMV processed through our system as retailer customers reduced their spending in offline stores. However, this effect is largely offset by an increase in demand by retailers and brand owners for our digitalized retail services as they seek to accelerate the digitalization of their operations to better manage the remote operating conditions imposed by COVID-19; (ii) our e-commerce service cloud segment had positive growth during the time of the COVID-19 pandemic, as evidenced by the notable GMV growth in our e-commerce service cloud operations. The segment GMV rose 18.8% year-over-year to RMB8.2 billion in 2022, as offline retailers accelerated their adoption of e-commerce functions to cope with rapidly growing market demand for online retail channels and for retailers to engage with consumers who were changing their purchase behavior in a remote retail scenario. Our e-commerce service cloud saw an overall increase in MAUs for our Dmall app and mini program, from 21.0 million to 21.4

million in December 2022, primarily due to the increase in consumers' willingness to use contactless online shopping methods during COVID-19; and (iii) our marketing and advertising service cloud solutions experienced less customer spending as brand owners and customers took cost control measures and reduced their overall promotional expenses to cope with the economic challenges imposed by COVID-19. We saw a decline in our revenue per customer from RMB1.6 million in 2021 to RMB1.2 million in 2022 as a result of our customers' marketing budget reduction. As such, the negative impact of COVID-19 on our operations and revenue related to offline retail stores was balanced to a certain extent by the increased adoption of our solutions for online retail formats. Based on our ability to remain resilient during COVID-19 and continue to increase our revenue, which increased from RMB486.8 million in 2020 to RMB1,044.6 million in 2021, and further to RMB1,501.0 million in 2022. We maintain a positive long-term outlook for our core products and operations.

The COVID-19 pandemic has affected our business development through delays in business activities and commercial transactions and general uncertainties produced by extended travel restrictions. Nonetheless, we managed to achieve significant growth through business development since 2020. Such growth in our customer base illustrates the perceived value of our products and services as retailers and brand owners use our offerings to tackles challenges presented by COVID-19.

In 2022, there have been a resurgence of COVID-19 outbreaks due to the Delta and Omicron variants multiple provinces in China. Our retail customers in affected regions encountered temporary turbulence in operating their offline logistics sites and offline stores. As a result, the growth of transaction volume generated by our retail customers utilizing our products and services for digital commerce activities slowed. Since the outbreak of COVID-19, we had benefited from pandemic-specific government relief policies during challenging economic conditions as a result of the COVID-19 pandemic mainly in the form of social insurance contribution reductions. 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. There were surges of cases in many cities during this time which caused disruption to our and customers' operations, and 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 appearance of new variants with different characteristics, 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 retail 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 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 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.

Our Directors are of the view that the overall impact of the COVID-19 pandemic on our business operation and financial performance had been immaterial, on the basis that (i) we achieved significant revenue growth from RMB486.8 million in 2020 to RMB1,501.0 million in 2022, during which the COVID-19 pandemic most severely affected our operations, (ii) our customer engagement and business development efforts resulted in the number of our customers growing from 135 in 2020 to 569 in 2022, and (iii) our business operations had fully resumed since China began to modify the zero-COVID policy at the end of 2022. See "Risk Factors—Risks Relating to our Business and Industry—Our business may continue to be materially and adversely affected by the effects of the COVID-19 pandemic in China." For details, please see the section headed "Financial Information—Impact of the COVID-19 Pandemic."

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since March 31, 2023 which would materially affect the information as set out in the Accountants' Report included in Appendix I to this document.