

Beijing Xunzhong Communication Technology Co., Ltd.

北京訊眾通信技術股份有限公司

Room 1101, 11/F,
Block B Future Land Center,
Building 2, Yard 10,
Jiuxianqiao Road B,
Jiangtaixiang, Chaoyang District,
Beijing, PRC

Attention: Board of Directors

30 June 2025

Dear Sirs / Madams,

Consent to the issue of the prospectus of Beijing Xunzhong Communication Technology Co., Ltd. (北京訊眾通信技術股份有限公司) (the "Company")

We refer to the prospectus of the Company dated 30 June 2025 (the "**Prospectus**") in connection with the global offering and proposed listing of the H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

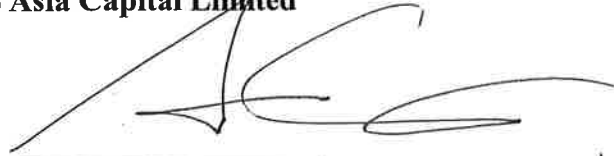
We hereby give, and confirm we have not withdrawn, our consent to the issue of the Prospectus and the inclusion therein of all reference to our name, statements, qualifications and opinions as set out in the Prospectus in the form and context in which they are respectively issued and or included or appear in the Prospectus.

We also consent to a copy of this letter and our reports/ or opinions being (i) released to the Registrar of Companies in Hong Kong and the Stock Exchange and referred to it in the Prospectus, and (ii) made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VII to the Prospectus.

[signature page to follow]

Yours faithfully,

For and on behalf of
DBS Asia Capital Limited

A handwritten signature in black ink, appearing to be 'Arto Cheung', written over a horizontal line.

Name: Arto Cheung
Title: Senior Vice President

Beijing Xunzhong Communication Technology Co., Ltd.

北京訊眾通信技術股份有限公司

Room 1101, 11/F,
Block B Future Land Center,
Building 2, Yard 10,
Jiuxianqiao Road B,
Jiangtaixiang, Chaoyang District,
Beijing, PRC

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30 June 2025

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[signature page to follow]

金杜办公室

北京 | 长春 | 成都 | 重庆 | 广州 | 海口 | 杭州 | 香港特别行政区 | 济南 | 南京 | 青岛 | 三亚 | 上海 | 上海临港 | 深圳 | 苏州 | 无锡 | 珠海 | 布列斯特 | 堪培拉 | 墨尔本 | 珀斯 | 悉尼
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Yours faithfully,

King & Wood Mallesons
King & Wood Mallesons



北京腾禾律师事务所
BEIJING TENGHE LAW FIRM

中国·北京市·东城区·东兴隆街 56 号·北京商界 B 段 6 层
6th Floor, Section B, Beijing Business Center, No. 56 Dongxinglong Street, Dongcheng
District, Beijing, 100062, P.R.China 电话 (Tel): +86 010-5368 8222

Beijing Xunzhong Communication Technology Co., Ltd.

北京訊眾通信技術股份有限公司

Room 1101, 11/F,
Block B Future Land Center,
Building 2, Yard 10,
Jiuxianqiao Road B,
Jiangtaixiang, Chaoyang District,
Beijing, PRC

Attention: Board of Directors

30 June 2025

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We hereby give, and confirm we have not withdrawn, our consent to the issue of the Prospectus and the inclusion therein of all reference to our name, statements, qualifications and opinions as set out in the Prospectus in the form and context in which they are respectively issued and or included or appear in the Prospectus.

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[signature to follow]

Yours faithfully,


Beijing Tenghe Law Firm



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

30 June 2025

The Directors
Beijing Xunzhong Communication Technology Co., Ltd.

Dear Sirs,

Beijing Xunzhong Communication Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group")
Listing on the Main Board of The Stock Exchange of Hong Kong Limited

We refer to the prospectus dated 30 June 2025 (the "Prospectus") in connection with the proposed initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, a final proof of which is attached and initialed by us on its front cover for the purpose of identification.

We hereby consent to the inclusion of our accountants' report dated 30 June 2025 on the historical financial information for the years ended 31 December 2022, 2023 and 2024 and our accountants' report dated 30 June 2025 on the pro forma financial information for the year ended 31 December 2024 in the Prospectus, and the references to our name in the form and context in which they are included.

This letter is solely being issued in connection with the filing of the Prospectus regarding the listing of the Company's securities on The Stock Exchange of Hong Kong Limited and not for any other purpose.

Yours faithfully,


Certified Public Accountants
Hong Kong

讯众股份

北京訊眾通信技術股份有限公司

Beijing Xunzhong Communication Technology Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 2597

GLOBAL OFFERING



Sole Sponsor, Overall Coordinator, Joint Global Coordinator,
Joint Bookrunner and Joint Lead Manager



Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



IMPORTANT



If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

讯众股份

Beijing Xunzhong Communication Technology Co., Ltd.

北京訊眾通信技術股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering : 30,440,000 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares : 3,044,000 H Shares (subject to reallocation)
Number of International Offer Shares : 27,396,000 H Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price : HK\$15.15 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value : RMB1.0 per H Share
Stock code : 2597

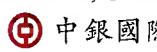
Sole Sponsor, Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, July 7, 2025 (Hong Kong time) and, in any event, not later than 12:00 noon on Monday, July 7, 2025 (Hong Kong time). The Offer Price will be not more than HK\$15.15 per H Share and is currently expected to be not less than HK\$13.55 per H Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Monday, July 7, 2025 (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$15.15 for each H Share together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and a Hong Kong Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price as finally determined is less than HK\$15.15 per H Share.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate and with our consent, reduce the number of Hong Kong Offer Shares being offered under the Global Offering and/or the Offer Price that is stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the Offer Price and the cancellation of the Global Offering and relaunch of the offer at the revised number of offer shares and/or the revised offer price will be published on our Company's website at www.commchina.net and the Stock Exchange's website at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notices, the Offer Price will be fixed as stated in this prospectus and the number of Offer Shares as stated in this prospectus will be final and conclusive. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

We are incorporated, and all of our businesses are located, in China. Potential investors should be aware of the differences in the legal, economic and financial systems between China and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in China is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our H Shares.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting — Grounds for Termination".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may be offered and sold only outside the United States in an offshore transaction according to Regulation S under the U.S. Securities Act.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the websites of our Company at www.commchina.net and the Stock Exchange at www.hkexnews.hk. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

June 30, 2025

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.commchina.net. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online through the **HK eIPO White Form** service at www.hkeipo.hk;
or
- (2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this Prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

For further details, see “How to Apply for Hong Kong Offer Shares” for the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be made for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table below.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment
	HK\$		HK\$		HK\$		HK\$
500	7,651.39	8,000	122,422.30	70,000	1,071,195.14	600,000	9,181,672.66
1,000	15,302.79	9,000	137,725.08	80,000	1,224,223.02	700,000	10,711,951.43
1,500	22,954.17	10,000	153,027.88	90,000	1,377,250.90	800,000	12,242,230.20
2,000	30,605.58	15,000	229,541.82	100,000	1,530,278.78	900,000	13,772,508.98
2,500	38,256.97	20,000	306,055.75	150,000	2,295,418.17	1,000,000	15,302,787.76
3,000	45,908.37	25,000	382,569.70	200,000	3,060,557.56	1,200,000	18,363,345.30
3,500	53,559.76	30,000	459,083.63	250,000	3,825,696.93	1,522,000 ⁽¹⁾	23,290,842.95
4,000	61,211.15	35,000	535,597.58	300,000	4,590,836.33		
4,500	68,862.54	40,000	612,111.51	350,000	5,355,975.71		
5,000	76,513.94	45,000	688,625.45	400,000	6,121,115.10		
6,000	91,816.73	50,000	765,139.39	450,000	6,886,254.49		
7,000	107,119.51	60,000	918,167.26	500,000	7,651,393.88		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE^(Note 1)

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Company's website at www.commchina.net and the website of the Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences 9:00 a.m. on Monday,
June 30, 2025

Latest time for completing electronic
applications under the **HK eIPO White Form**
service through the designated website www.hkeipo.hk^(Note 2) 11:30 a.m. on Friday,
July 4, 2025

Application lists of the Hong Kong
Public Offering open^(Note 3) 11:45 a.m. on Friday,
July 4, 2025

Latest time for (a) completing payment for
HK eIPO White Form applications by effecting
internet banking transfer(s) or PPS payment transfer(s)
and (b) giving **electronic application**
instructions to HKSCC^(Note 4) 12:00 noon on Friday,
July 4, 2025

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via FINI to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Hong Kong
Public Offering close^(Note 3) 12:00 noon on Friday,
July 4, 2025

Expected Price Determination Date
no later than^(Note 5) 12:00 noon on Monday,
July 7, 2025

Announcement of

- the final Offer Price;
- an indication of the level of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares

EXPECTED TIMETABLE^(Note 1)

to be published on the websites of

the Stock Exchange at www.hkexnews.hk and

our Company at www.commchina.net

no later than^(Note 6) Tuesday, July 8, 2025

Announcement of results of allocations in the

Hong Kong Public Offering to be available

through a variety of channels, including

the websites of the Stock Exchange at

www.hkexnews.hk and our Company's

website at www.commchina.net

(see "How to Apply for Hong Kong Offer Shares

— B. Publication of Results") at or before 11:00 p.m. on Tuesday,
July 8, 2025

Results of allocations in the Hong Kong

Public Offering (including successful applicants'

identification document numbers, where appropriate)

will be available at www.hkeipo.hk/IPOResult

(or www.tricor.com.hk/ipo/result)

with a "search by ID" function from 11:00 p.m. on Tuesday,
July 8, 2025 to
12:00 midnight on Monday,
July 14, 2025

Allocation results telephone enquiry line by

calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from
Wednesday, July 9, 2025
to Monday, July 14, 2025
(excluding Saturday, Sunday
and public holiday in Hong Kong)

For those applying through HKSCC EIPO

Channel, you may also check with your

broker or **custodian** from 6:00 p.m. on Monday,
July 7, 2025

Despatch of H Share certificates or

deposit of the H Share certificates into CCASS

in respect of wholly or partially successful

applications pursuant to the Hong Kong

Public Offering on or before Tuesday, July 8, 2025

EXPECTED TIMETABLE^(Note 1)

Despatch of **HK eIPO White Form** e-Auto Refund

payment instructions/refund cheques (if applicable)

on or before^{(Note 7) (Note 8)} Wednesday, July 9, 2025

Dealings in H Shares on the Main Board of

the Stock Exchange to commence at 9:00 a.m. on Wednesday,
July 9, 2025

-
- (1) All times and dates refer to Hong Kong local times and dates, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering” in this prospectus.
 - (2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
 - (3) If there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 4, 2025, the application lists will not open and will close on that day. Further information is set forth in “How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements”.
 - (4) Applicants who apply for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to “How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels”.
 - (5) The Price Determination Date is expected to be determined no later than 12:00 noon on Monday, July 7, 2025. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us by 12:00 noon on Monday, July 7, 2025, the Global Offering will not proceed and will lapse.
 - (6) None of the websites or any of the information contained on the websites forms part of this prospectus.
 - (7) Applicants who have applied for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering may collect H Share certificates (where applicable) in person from our H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, July 9, 2025. Applicants being individuals who are eligible for personal collection must not authorise any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to the paragraph headed “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies” for details.
 - (8) **HK eIPO White Form** e-Auto Refund instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application.

EXPECTED TIMETABLE^(Note 1)

The H Share certificates will only become valid evidence of title provided that the Global Offering has become unconditional in all respects and neither of the Hong Kong Underwriting Agreement nor the International Underwriting Agreement is terminated in accordance with its respective terms prior to 8:00 a.m. on the Listing Date. The Listing Date is expected to be on or about Wednesday, July 9, 2025. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The above expected timetable is a summary only. Potential investors should read carefully “Underwriting”, “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” for details relating to the structure and conditions of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and H Share certificates.

CONTENTS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or advisors, or any other person or party involved in the Global Offering. Information contained on our website at www.commchina.net, does not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this prospectus. You should read the entire prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors”. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a cloud-based communication service provider ranked third in China by revenue in 2024. Our market share represented 1.8% of the total revenue of China’s cloud-based communications services market in 2024. We were one of the first providers of cloud-based communications services in China, according to F&S. We are one of the few providers in China capable of delivering AI-driven communications services, according to the same source.

Communications Platform as a Service, also known as CPaaS, is at the core of our business, accounting for over 80% of our revenue during the Track Record Period. On our cloud-based CPaaS platform, our customers, principally internet companies, software and information technology companies, and financial institutions, have convenient access to a vast array of integrated telecommunications resources, covering voice, messaging, and mobile data capabilities, which we source from major telecommunications operators and other service providers in China. Additional value-added features, such as data analytics, privacy protection and smart routing, are embedded in our CPaaS. In addition, we offer Contact Center Software as a Service, also known as Contact Center SaaS, which is a suite of cloud-based software services that enable businesses to handle interactions with customers and potential customers.

Leveraging our cloud-based communications capabilities since our inception in 2008, we launched a new business segment, project-based communications solutions, in May 2020. Our solutions utilize software or a combination of software and hardware to facilitate communications and connectivity principally for public sector customers. Common use cases include municipal governance and safety.

Below sets forth a summary of our business segments and the principal services and solutions which we offer:

- **Cloud-Based Communications Services:** Our cloud-based communications services are a series of value-added communications services that are delivered to our customers online mainly through APIs to facilitate messaging, voice, and mobile data communications. Our services mainly comprise:
 - o CPaaS, through which we enable organizations to conveniently access communication capabilities provided by major telecommunications operators and other service providers through our cloud-based CPaaS platform. Our CPaaS customers can gain access to the following services and embed them on

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their apps and websites: (i) messaging services, for sending text and RCS messages; (ii) voice services, for making inbound and outbound call; (iii) mobile data services, for offering mobile data packages; and (iv) virtual goods services, for offering gift coupons, in-app membership subscriptions and other digital goods; and

- o *Contact Center SaaS*, which enables businesses to manage and enhance customer interactions and engagement through our convenient and deployment-ready software services. Our Contact Center SaaS services primarily comprise: (i) smart voice navigation, which enables customers to effectively handle voice requests by designing a flow tree; (ii) smart text bot, which enables customers to provide online smart question-and-answer services; (iii) smart service quality check, which enables our customers to efficiently manage the performance of their call agents; (iv) smart service assistance, which provides recommended response to call agents for them to reply to their customers; (v) smart call bot, which communicates with callers through call bots; and (vi) video assistance, which enables customers to initiate video requests in apps or WeChat mini-programs.
- ***Project-Based Communications Solutions:*** Our solutions utilize software or a combination of software and hardware to enhance communications and connectivity for public section customers across many use cases, such as municipal governance and safety. We leverage various technologies such as data analytics, cloud computing, edge computing, and visual recognition to develop solutions based on a customer's individualized demand.
- ***Other communications services and accessories:*** We also offer other communication services and accessories, mainly comprising specialized mobile phones for enforcement authorities, contact center outsourcing, and video conference solutions. Given the fierce competition and low profitability, we have been strategically scaling down this business segment.

Our cloud-based communications service offerings are intended to reduce the complexity for customers to interact with different telecommunications service providers and systems, help customers quickly deploy communications capabilities on their existing apps or websites, improve communications efficiency and enhance user engagement.

Our services and solutions are dedicated to making communications easier, and have been widely applied in the internet, software services, information technology and financial industries in China. In 2022, 2023 and 2024, our services and solutions facilitated communications for over 2,400, 2,400 and 2,100 corporate customers, respectively. In particular, we served a total of 63 key customers during those three years. We had 24, 32 and 32 key customers in 2022, 2023 and 2024, respectively, each contributing over RMB5 million of revenue in a year, which accounted for approximately 80%, 86% and 89% of our total revenue in 2022, 2023 and 2024, respectively.

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Since our establishment, we have focused on the research and development of cloud-based communication services. As of December 31, 2024, we have registered 7 invention patents and 201 software copyrights, all of which are related to our main business and services. As of December 31, 2024, approximately 31.1% of our total employee headcount are working in the research and development functions. Our research and development team works seamlessly with our sales team, making sure we continue to improve and develop services that can reflect emerging technological advancements and meet changes in customer needs and industry trends. In recent years, we started to employ various AI tools, such as data analytics, natural language processing, voiceprint recognition and motion recognition, in our service and solution offerings. Our smart service assistance, smart call bot, and project-based communications solutions integrated natural language processing to make them better interact with people. For example, our smart text bot utilizes natural language processing to enable our customers to provide online smart question-and-answer services through text. Smart service assistance utilizes natural language processing to provide recommended responses to call agents for them to reply to their customers.

According to the F&S Report, the total revenue of China's cloud-based communications services market in 2024 amounted to RMB50.3 billion, comprising China's CPaaS service market of RMB44.8 billion and China's Contact Center SaaS market of RMB5.5 billion. From 2020 to 2024, the total revenue of China's cloud-based communications services market increased from RMB35.5 billion to RMB50.3 billion, growing at a CAGR of 9.1%. In 2029, the total revenue of China's cloud-based communications services market is expected to reach RMB74.5 billion, representing a CAGR of 8.2% from 2024 to 2029. We ranked third in China's cloud-based communications services market measured by revenue in 2024, with a market share of approximately 1.8%. Among the top five providers, we had the second highest net profit in 2024.

We have earned broad recognition and numerous awards and honors, including being named a "Specialized and New Small Giant Enterprise" in Beijing, winning the "Smart Solution Award for Contact Centers" in 2022, and receiving the "Best Digital Intelligence Technology Supplier Award" at the 2023 New Customer Service Festival. Furthermore, we serve as the Vice Chairman Unit of the Beijing Communications Industry Association and the Executive Deputy Director Unit of the Value-Added Services Professional Committee of the China Communications Enterprise Association. We have also achieved the Certification of CMMI Maturity Level 5, which proves our software development capabilities. These honors are testaments of our technical strengths and market influence.

Our Shares are currently listed on the NEEQ. On June 2, 2015, our Company received approval for listing of its Shares on the NEEQ. On June 16, 2015, all issued Shares of our Company were listed on the NEEQ under the stock code of 832646. For further details, see "History, Development and Corporate Structure" in this prospectus.

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OUR STRENGTHS

We believe our leading market position and success are primarily attributable to the following key competitive advantages:

- A full-suite of cloud-based communications service;
- Smart technologies utilizing AI tools;
- Continued focus on research and development;
- Sustainable business model;
- Stable supply of telecommunications resources and strong sales capabilities; and
- Strong and experienced senior management.

OUR STRATEGIES

Our vision is to become a globally recognized AI-driven cloud-based communication solutions provider. We plan to implement the following strategies:

- Continuous improvement and innovation of services and solutions;
- Enhancing AI applications;
- Expanding sales network;
- Capturing new growth opportunities especially in the Southeast Asia market; and
- Reducing leverage and enhancing financial resilience.

OUR CUSTOMERS

During the Track Record Period, our customers for cloud-based communications services mainly comprised technology service providers, software and information technology companies, financial institutions and a telecommunications operator. Our customers for project-based communications solutions mainly comprised public sector customers such as government entities and SOEs. Our revenue generated from our top five customers during each year of the Track Record Period combined accounted for approximately 41.8%, 36.7%, and 35.3% of our total revenue, respectively. Our revenue from our largest customer accounted for approximately 12.3%, 9.7% and 11.4% of our total revenue during each year of the Track Record Period, respectively.

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For CPaaS, we charge customers based on usage of telecommunications resources and price per unit. For Contact Center SaaS customers, our pricing generally consists of three components: a number rental fee, a seat fee, and a call fee. Our Contact Center SaaS and CPaaS customers settle their fees to us primarily after the services are rendered. Our project-based communications solutions primarily follow a project-based pricing model, where customers are generally billed by milestones outlined in the project contract. See “Business — Our Services and Solutions”.

Our major customers during the Track Record Period mainly comprised technology service providers, software and information technology companies, and a telecommunications operator. Our CPaaS and Contact Center SaaS services may be provided to direct customers, which are privy to us. They will in turn provide services, which comprise the services we provided and value added services on top of our services, to their customers, which we refer as downstream customers. There may be one more service provider between us and the final downstream customers. We are generally unable to ascertain the specific value added services provided by our direct customers to downstream customers as the number and identity of downstream customers are not privy to us. As we determine our unit price based on the expected and historical usage of our customers, whether the direct customer is a service provider or not does not impact our unit price determination. Given the consumption of downstream consumers would not have bearing on our price determination process, the identities and backgrounds of the direct customers do not affect the price determination process for the unit pricing provided to our direct customers.

OUR SUPPLIERS

Our procurement mainly includes purchases of telecommunications resources and outsourced hardware and software. Our major suppliers during the Track Record Period primarily comprised telecommunications service providers and technology companies whose scopes of services included cloud-based communications services similar to ours, as it is common practice for cloud-based communications service providers like us to procure telecommunication services from other cloud-based communications service providers, according to F&S. Our purchases from our top five suppliers in each year during the Track Record Period combined accounted for 38.1%, 50.4%, and 57.4% of our total cost of sales in 2022, 2023 and 2024, respectively. In 2022, 2023 and 2024, procurement from our largest supplier accounted for 11.6%, 20.9% and 29.0% of our total purchases in each year during the Track Record Period, respectively.

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RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. These risks are set out in the section headed “Risk Factors” in this prospectus. Some of the major risks we face include (i) fluctuations in demand for our services and solutions may adversely affect our business and results of operations. Any loss of or decline in demand for our services and solutions could materially and adversely affect our business, results of operations, and financial condition; (ii) failure to maintain our advantages in an increasingly competitive market may adversely affect our business and prospects; (iii) if we cannot continue to innovate or effectively respond to the rapidly evolving technology, market demands, industry dynamics, and other risks and uncertainties, our business, results of operations, and prospects would be materially and adversely affected; (iv) our business relies on telecommunications resources provided by China’s major telecommunications operators and other service providers; (v) if we fail to maintain our collaborations with these telecommunications operators or service providers, our ability to serve our customers could be materially and adversely affected; (vi) if we fail to maintain the compatibility of our services and solutions across devices, business systems and applications, and physical infrastructure that we do not control, it could lead to increased integration costs and lowered customer satisfaction; (vii) if we fail to attract new customers or retain existing ones, our business, financial condition, and results of operations could be materially and adversely affected; and (viii) we have experienced, and in the future may continue to experience, net operating cash outflows and an increase in trade receivables turnover days and prepayments, other receivables and other assets, which could expose us to liquidity risks.

You should read the entire section headed “Risk Factors” in this prospectus before you decide to invest in the Offer Shares.

SUMMARY OF KEY FINANCIAL INFORMATION

This summary historical data of financial information set forth below have been derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountants’ Report set out in Appendix I to this prospectus, as well as the information set forth in “Financial Information” of this prospectus. Our financial information was prepared in accordance with IFRS.

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Consolidated Statements of Profit or Loss

The following table sets forth consolidated statements of profit or loss and other comprehensive income in 2022, 2023, and 2024.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	809,743	915,630	917,606
Cost of sales	(614,358)	(719,986)	(714,613)
Gross profit	195,385	195,644	202,993
Other income and gains	26,912	9,849	4,003
Selling expenses	(21,407)	(23,149)	(19,594)
Administrative expenses	(46,999)	(39,712)	(34,079)
Research and development expenses	(45,719)	(40,525)	(38,072)
Impairment losses on financial assets, contract assets and other assets	(13,254)	(6,268)	(46,336)
Other expenses and losses	(187)	(2,396)	(5,188)
Finance costs	(5,802)	(8,335)	(12,303)
Share of profits and losses of an associate . . .	(623)	(173)	(22)
Profit before tax	88,306	84,935	51,402
Income tax expenses	(13,646)	(8,351)	(760)
Profit for the year	74,660	76,584	50,642
Profit for the year attributable to:			
Owners of the parent	75,972	77,621	53,545
Non-controlling interests	(1,312)	(1,037)	(2,903)

Net Profit Fluctuations During the Track Record Period

Our net profit increased by 2.5% from RMB74.7 million in 2022 to RMB76.6 million in 2023, primarily due to a decrease in administrative expenses by 15.5% from RMB47.0 million in 2022 to RMB39.7 million in 2023. Our net profit decreased by 33.9% from RMB76.6 million in 2023 to RMB50.6 million in 2024, primarily due to a significant increase in impairment losses on financial assets, contract assets, and other assets from RMB6.3 million in 2023 to RMB46.3 million in 2024.

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The following table sets out a breakdown of our revenue by segment for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Cloud-based communications services	694,751	85.8	850,685	92.9	866,051	94.4
CPaaS	632,502	78.1	779,706	85.2	796,429	86.8
Voice	151,849	18.8	169,684	18.5	173,972	19.0
Messaging	395,586	48.8	562,289	61.4	590,392	64.3
IoT mobile data pool and management	16,564	2.0	21,138	2.3	13,608	1.5
Mobile data services	19,291	2.4	–	0.0	–	0.0
Virtual goods services . . .	49,212	6.1	26,595	2.9	18,457	2.0
Contact Center SaaS	62,249	7.7	70,979	7.8	69,622	7.6
Project-based communications solutions	20,533	2.5	13,761	1.5	13,940	1.5
Other communications services and accessories	94,459	11.7	51,184	5.6	37,615	4.1
Specialized mobile phones	30,597	3.8	4,442	0.5	–	0.0
Contact center outsourcing	58,370	7.3	42,274	4.6	35,655	3.9
Video conference solutions	5,217	0.6	3,832	0.4	1,929	0.2
Others	275	–	636	0.1	31	0.0
Total	<u>809,743</u>	<u>100.0</u>	<u>915,630</u>	<u>100.0</u>	<u>917,606</u>	<u>100.0</u>

Our total revenue increased slightly from RMB915.6 million in 2023 to RMB917.6 million in 2024. The increase in revenue is mainly driven by the increase in revenue derived from the messaging segment of the cloud-based communications services generated from several key customers of approximately RMB220.1 million, however the extent of increase is offset by decrease in IoT mobile data poll and management due to terminated contract with several customers, along with reduced project demand from existing clients.

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Our total revenue increased by 13.1% from 2022 to 2023, primarily due to an increase in the revenue from our cloud-based communications services, partially offset by the decrease in our revenue from project-based communications solutions and other communications services and accessories. Our revenue derived from cloud-based communications services increased primarily due to an increase in our revenue from CPaaS and Contact Center SaaS. Revenue derived from project-based communications solutions decreased substantially from 2022 to 2023, primarily due to limited demand during the economic recovery from the effects of COVID-19. Revenue derived from other communication products and services decreased substantially primarily due to our decision to shrink this business segment resulted from increased competition and lower margin.

The following table sets out gross profit margin by segment for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	(in percentage)		
Cloud-based communications services	25.9	21.7	22.2
CPaaS	22.6	18.3	18.9
Voice	39.0	42.6	39.9
Messaging	8.1	7.3	9.9
IoT mobile data pool and management. . .	12.8	12.3	29.9
Mobile data services	1.4	—	—
Virtual goods services	99.9	100.0	100.0
Contact Center SaaS	60.0	59.8	59.9
Project-based communications solutions . . .	54.9	61.3	64.9
Other communications services and accessories	4.1	4.6	4.0
Specialized mobile phones.	2.7	6.6	—
Contact center outsourcing	2.5	1.4	2.8
Video conference solutions	27.7	32.0	32.8
Others	57.5	35.2	(400.0)
Total.	<u>24.1</u>	<u>21.4</u>	<u>22.1</u>

Our overall gross profit margin saw a modest increase from 21.4% in 2023 to 22.1% in 2024. This growth was driven by a stable revenue structure, with most business segments, including our core CPaaS segment achieving higher gross profit margins. CPaaS revenue increased from RMB780 million in 2023 to RMB796 million in 2024, increasing its contribution to total revenue from 85.2% in 2023 to 86.8% in 2024, with the steady increase of CPaaS segment's profit margin from 18.3% in 2023 to 18.9% in 2024.

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Notably, the IoT mobile data pool and management business of our CPaaS segment experienced a significant gross profit margin improvement, increasing from 12.3% in 2023 to 29.9% in 2024. This was primarily due to a shift in project composition, as lower-margin integrated solutions (combining modules and cards) accounted for a smaller portion of IoT revenue. The resulting margin expansion in IoT also contributed to higher profitability in the CPaaS segment and, ultimately, the Group's overall gross margin. The increase in the gross profit margin of the messaging business which contributed to a significant portion of revenue has also contributed to the increase in gross profit margin.

Our overall gross profit margin decreased from 24.1% in 2022 to 21.4% in 2023, negatively affected by a substantial increase in revenue from messaging services, which had a lower margin than voice services. Gross profit margin of project-based communications solutions increased from 54.9% in 2022 to 61.3% in 2023, primarily due to delivery and acceptance of several high-margin software-based projects in 2023.

Summary Data from Consolidated Statements of Financial Position

The following table sets forth summary data from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Total non-current assets	22,640	30,635	25,910
Total current assets	969,642	1,173,928	1,458,139
Total assets	992,282	1,204,563	1,484,049
Total non-current liabilities	89	13,307	13,465
Total current liabilities	277,745	401,513	630,728
Total liabilities	277,834	414,820	644,193
Net assets	714,448	789,743	839,856
Non-controlling interests	2,554	1,517	(1,086)
Total equity	714,448	789,743	839,856

Net Assets Fluctuations During the Track Record Period

Our net assets increased by 10.5% from RMB714 million in 2022 to RMB790 million in 2023, primarily due to net profit of RMB76.6 million in 2023. Our net assets further increased by 6.3% from RMB790 million in 2023 to RMB840 million in 2024, primarily due to net profit of RMB50.6 million recorded in 2024.

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

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current assets				
Inventories	3,090	3,072	1,926	5,090
Trade receivables	550,958	608,610	880,946	880,644
Contract assets	711	—	—	—
Prepayments, other receivables and other assets	366,102	476,974	567,981	624,544
Restricted cash	—	—	—	7,355
Pledged deposits	—	8,573	—	—
Cash and cash equivalents	48,781	76,699	7,286	34,174
Total current assets	969,642	1,173,928	1,458,139	1,551,807
Current liabilities				
Trade payables	92,195	84,694	202,133	266,072
Contract liabilities	23,185	53,205	51,225	50,662
Other payables and accruals	14,722	14,174	75,889	71,356
Interest-bearing bank and other borrowings	139,199	242,646	290,303	303,087
Lease liabilities	1,337	5,393	5,716	5,101
Tax payable	7,107	1,401	5,462	4,837
Total current liabilities	277,745	401,513	630,728	701,115
Net current assets	691,897	772,415	827,411	850,692

Our net current assets continued to increase as of December 31, 2022, 2023, and 2024, and April 30, 2025 primarily due to continued increases in (i) our trade receivables due to prolonged reconciliation and settlement process of our post-paid customers, and (ii) our prepayments, other receivables and other assets as of December 31, 2022, 2023, and 2024 and April 30, 2025 due to more prepayments to suppliers to ensure that we receive a steady supply of telecommunications resources and strengthen our relationships with suppliers. We plan to manage our trade receivables and improve our liquidity. See “Financial Information — Measures Taken to Enhance Collection Method”. These increases in our current assets were partially offset by the increases in our current liabilities, particularly interest-bearing bank and other borrowings to finance our working capital. See “Financial Information — Indebtedness”. We plan to use approximately HK\$50.0 million, or 15.8% of the net proceeds to repay outstanding loans to reduce leverage and enhance financial resilience. See “Future Plans and Use of Proceeds — Use of Proceeds”.

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Consolidated Cash Flow Statements

The following table sets forth a summary of our cash flow for the years ended December 31, 2022, 2023, and 2024.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net cash outflow from operating activities . .	(116,625)	(56,210)	(114,172)
Net cash outflow from investing activities . .	(2,549)	(3,483)	(321)
Net cash inflow from financing activities . . .	122,175	87,611	45,080
Cash and cash equivalents at beginning of year	45,780	48,781	76,699
Cash and cash equivalents at end of year . .	48,781	76,699	7,286

In 2022, 2023, and 2024, we had net cash outflows from operating activities of RMB116.6 million, RMB56.2 million and RMB114.2 million, respectively. Major working capital changes which adversely affected our cash flow during these periods include: (i) an increase in trade receivables, driven by prolonged reconciliation and settlement process of our post-paid customers amid a slowing economy; (ii) an increase in prepayments, deposits and other receivables primarily due to our increased prepayments to suppliers to secure a steady supply; partially offset by an increase in contract liabilities primarily due to prepayments made by customers to purchase computational modules; and (iv) an increase in trade payables primarily due to our efforts to defer our payment to our suppliers and increase our cooperation with suppliers which provide longer credit period. See “Risk Factors — Risks Relating to Our Financial Performance — We have experienced, and in the future may continue to experience, net operating cash outflows and an increase in trade receivables turnover days and prepayments, other receivables and other assets, which could expose us to liquidity risks.”

Our cash flow and working capital during the Track Record Period were adversely affected by an expansion in our customer, which typically settle payments after using our CPaaS services or after the delivery and acceptance of project-based communications solutions projects. For CPaaS customers, our customers may incur a substantial number of text messages, voice calls, mobile data and virtual goods during a period and therefore need more time to reconcile their internal records with our records. For both CPaaS and project-based communications solutions customers, before we issue invoices to our customers, we have to wait for the long internal approval process by our customers’ business and/or finance departments, which can take weeks or even months. We made efforts to increase our payables credit period granted by our suppliers to improve our liquidity. We intend to monitor our liquidity risk through rolling forecasts of our liquidity requirements to ensure that we have sufficient cash to meet operational needs. In the fourth quarter of 2024, we implemented several measures simultaneously to improve net operating cash flow and enhance the recoverability of trade receivables. We consider these measures effective, and the

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improvements are evident. Taking into account our available financial resources – including improved cash inflows from operating activities, increased cash and cash equivalents, strong trade receivables recovery, available credit facilities, enhanced collection measures, business optimization initiatives, and greater operational efficiency through economies of scale, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of this prospectus. For details, see “Financial Information — Measures Adopted to Improve Net Operating Cash Flow” and “Financial Information — Measures Taken to Enhance Collection Method”.

Key Financial Ratios

	As of or for the year ended December 31,		
	2022	2023	2024
Current Ratio ⁽¹⁾	3.5	2.9	2.3
Debt Ratio ⁽²⁾	12.8%	23.4%	36.0%
Return on Equity ⁽³⁾	10.7%	9.8%	6.3%
Gross profit margin ⁽⁴⁾	24.1%	21.4%	22.1%
Net profit margin ⁽⁵⁾	9.2%	8.4%	5.5%

(1) Current ratio is calculated as current assets divided by current liabilities.

(2) Debt ratio is calculated as net debt divided by total equity. Net debt equals bank borrowing plus lease liabilities minus cash and cash equivalents.

(3) Return on equity is calculated as net profit attributable to the owners of the parent for the year divided by equity attributable to owners of the parent as at each relevant year.

(4) Gross profit margin is calculated as gross profit for the year divided by revenue for the year.

(5) Net profit margin is calculated as net profit for the year divided by revenue for the year.

Increase in our debt ratio as of December 31, 2022, 2023 and 2024 were in line with our increase in bank and other borrowings. Our continued increase in bank and other borrowings during the Track Record Period as primarily driven by the demand for capital to facilitate the ordinary expansion of our ordinary business operations and the corresponding general working capital needs. For a detailed analysis of our key financial ratios, see “Financial Information — Key Financial Ratios”.

RECENT DEVELOPMENTS

Recent Financial Performance

According to the unaudited management accounts as of April 30, 2025, for the four months ended April 30, 2025, our revenue decreased compared to the corresponding period in 2024, primarily due to a decrease in revenue from the CPaaS business under the cloud-based communication services segment. This was particularly due to the Ministry of Industry and Information Technology of the People’s Republic of China (MIIT)’s requirement, announced in March, for SMS content providers to complete a series of rectifications to their qualification

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information, causing a temporary decrease in demand for the Group’s messaging products and services. This decrease in revenue was partially offset by growth in revenue from the project-based communication solutions segment.

For the four months ended April 30, 2025, our net profit also decreased compared to the corresponding period in 2024, primarily due to the aforementioned decrease in CPaaS revenue. However, this decrease in net profit was partially mitigated by a reduction in the cost of sales, driven by our implementation of business optimization initiatives to enhance operational efficiencies.

We expect our revenue and net profit to rebound in the second half of 2025, as SMS content providers completed their rectification process in the first half of 2025. As of the Latest Practicable Date, there has been an increase in usage from messaging business customers, and the Group’s revenue and net profit are expected to recover.

Increase in Our Net Current Assets

According to the unaudited management accounts as of April 30, 2025, our current assets increased slightly from RMB1,458.1 million as of December 31, 2024, to RMB1,551.8 million as of April 30, 2025, primarily due to increases in prepayments, other receivables, other assets, trade receivables, and cash and cash equivalents. Our current liabilities increased from RMB630.7 million as of December 31, 2024, to RMB701.1 million as of April 30, 2025, primarily due to an increase in trade payables resulting from an extended payment period for suppliers. As a result, our net current assets increased from RMB827.4 million as of December 31, 2024, to RMB850.7 million as of April 30, 2025.

Improvement in Liquidity

Since the end of the Track Record Period, we have continued to develop our solutions and expand our higher-margin business, further strengthening our liquidity position. In the fourth quarter of 2024, we implemented several measures simultaneously to improve net operating cash flow and enhance the recoverability of trade receivables. We consider these measures effective, and the improvements are evident. For details, see “Financial Information — Measures Adopted to Improve Net Operating Cash Flow” and “Financial Information — Measures Taken to Enhance Collection Method”. This improvement is evidenced by the shift from a net operating cash outflow to a net operating cash inflow after the Track Record Period. According to the unaudited management accounts as of April 30, 2025, we recorded a net operating cash inflow, with net cash from operating activities reaching RMB40.9 million as of April 30, 2025, a significant turnaround from the net cash outflow of RMB59.2 million in the corresponding period of the previous year. Our liquidity position has continued to strengthen, supported by growth in cash and cash equivalents, which increased from RMB7.3 million as of December 31, 2024, to RMB41.5 million as of April 30, 2025, and further increased to RMB46.8 million as of the Latest Practicable Date.

Our financial stability is further reinforced by our strong credit standing. According to the unaudited management accounts as of April 30, 2025, our unutilized aggregate credit facilities and loans increased from RMB160.0 million as of April 30, 2025, to RMB183.0 million as of the Latest Practicable Date. Additionally, the subsequent settlement rate for trade receivables

SUMMARY

has shown steady improvement, rising from 27.89% as of April 30, 2025, to 49.42% as of the Latest Practicable Date, demonstrating the reliability of repayment patterns and the effectiveness of our collection strategies.

Moving forward, we remain focused on sustaining long-term liquidity and profitability through higher gross margins, and improved operational efficiency. By optimizing our business composition and expanding our higher-margin project-based communication solutions, we are well-positioned to maintain our continuous growth in profitability and liquidity.

Litigation

Since October 2024 up to the Latest Practicable Date, the Company became involved in two interrelated contractual disputes concerning the sale and purchase of computing module products (the **“Disputed Goods”**) with Beijing Yunxi Technology Co. Ltd. (**“Beijing Yunxi”**) and Beijing Yakang Huanyu Technology Co. Ltd. (**“Beijing Yakang”**), which had been subsequently consolidated by the Daxing District People’s Court in April 2025. In January 2024, the Company entered into a back-to-back transaction, purchasing the Disputed Goods from Beijing Yunxi for RMB104 million (with an advance payment of RMB54.1 million) and simultaneously agreeing to sell them to Beijing Yakang for RMB109 million (with an advance payment of RMB54.5 million). Both contracts stipulated delivery by April 30, 2024, but Beijing Yunxi failed to deliver, preventing the Company from fulfilling its obligations to Beijing Yakang. In November 2024, Beijing Yakang sued the Company for RMB54.5 million in prepayment recovery and RMB10 million in damages. The Company defended the claim, petitioned to the court to consolidate both disputes and counter-sued Beijing Yunxi for its RMB56.8 million prepayment, and alleged fraudulent collusion between the two parties.

In April 2025, the Daxing District People’s Court consolidated both disputes and formally added Beijing Yunxi as a third party (Case No. 2025京04民初61號). Legal advisers, citing substantial evidence of fraud—including falsified documents and historical ties—believe the court will likely (i) dismiss Beijing Yakang’s claims, (ii) void both contracts, and (iii) order Beijing Yunxi to return the prepayment. Despite this favorable outlook, the Company has provisioned RMB21.6 million for potential losses. When the Company assessed the impairment of these receivables as of December 31, 2024, it considered the following factors: (i) Based on the Company’s due diligence and ongoing communication with Beijing Yunxi, Beijing Yunxi still possesses delivery capabilities; (ii) apart from sporadic litigation, there have been no other publicly available matters significantly impacting Beijing Yunxi’s operations; (iii) the Company referenced the average principal recovery rate for single-entity corporate receivable transfers published by the China Banking Center in 2023 and 2024, with a two-year average principal recovery rate exceeding 60% and a discount rate below 40%. For details of the basis of the provision, please refer to “Financial Information — Impairment Losses on Financial Assets, Contract Assets and Other Assets.” Given that the court has accepted the Company’s petition to consolidate both disputes in relation to the Disputed Goods, along with the prima facie evidence that the offers made by Beijing Yakang and Beijing Yunxi were in bad faith, the Beijing law firm advised it is highly likely that: i) the claim made by Beijing Yunxi will be rejected; and ii) the claim made by the Company will be accepted, resulting in both contracts being considered void and requiring Beijing Yunxi to return the prepayment to the Company. For details, please see “Business — Legal Proceedings” in this prospectus.

SUMMARY

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial, operational or trading position since December 31, 2024, being the end of the period reported in the Accountants' Report included in Appendix I to this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK\$14.35 per Offer Share (being the mid-point of the Offer Price Range of between HK\$13.55 and HK\$15.15 per Offer Share), we estimate that we will receive net proceeds of approximately HK\$391.0 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. We intend to use net proceeds from the Global Offering for the following purposes:

- approximately 45.4% (or HK\$177.5 million) is expected to be used for the continuous improvement and development of services and solutions;
- approximately 15.6% (or HK\$61.1 million) of the net proceeds will be used to expand sales channels;
- approximately 16.2% (or HK\$63.3 million) is expected to be used for acquisition in China;
- approximately 12.8% (or HK\$50.0 million) is expected to be used to repay outstanding loans; and
- approximately 10.0% (or HK\$39.1 million) is expected to be used for working capital and other general corporate purposes.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, Mr. Piao held approximately 27.36% interest in our total issued share capital and was the single largest Shareholder of our Company. Mr. Piao is also our founder, chairman, chief executive officer and executive Director.

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Piao will hold an aggregate of approximately 20.52% interest in our total issued share capital. Accordingly, Mr. Piao will remain our single largest Shareholder, and our Company will not have any controlling shareholder immediately after Listing. For further details, see "Relationship With Our Single Largest Shareholder".

OUR PRE-IPO INVESTORS

From December 2015 to April 2022, our Company underwent several rounds of Pre-IPO investments with our Pre-IPO Investors, which include Oriental Huagai, Beijing Qianyi, Beijing Xingyuan, Lianchuang Innovation, Zhuhai Rongyi, Hangzhou Qianhai, Hangzhou Pan

SUMMARY

Cattle, Suzhou Historic and Cultural City Development Group, Anhui Lianyuan Capital, Deyang Western Digital, Hualong Jincheng, Huiyuan AIA, Chongqing Chongbao Chuangrui, Xuzhou Science and Technology and Wutong Holding.

For further details, see “History, Development and Corporate Structure — Pre-IPO Investments”.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately RMB41.8 million (assuming an Offer Price of HK\$14.35 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Over-allotment Option), of which approximately RMB41.6 million is directly attributable to the issue of our Offer Shares and will be deducted from equity, no listing expenses has been expensed in our consolidated statements of profit or loss during the Track Record Period and approximately RMB0.2 million is expected to be expensed after the Track Record Period. Our estimated listing expenses include: (i) underwriting-related expenses, representing underwriting commission and fees of approximately RMB8.9 million; (ii) Sponsor fee of approximately RMB7.2 million; and (iii) non-underwriting-related expenses, comprising professional fees to the legal advisors, Reporting Accountants and other professionals of approximately RMB22.5 million for their services rendered in relation to the Global Offering and the Listing, and other fees and expenses of approximately RMB3.2 million. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

DIVIDENDS

We have not declared and paid dividends during the Track Record Period. We do not have a formal dividend policy or a fixed dividend payout ratio. We may distribute dividends in the future by way of cash or by other means that we consider appropriate. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders. We may pay dividends only out of our accumulated profit and are not permitted to distribute any profits until any losses from prior fiscal years have been offset and statutory reserves for the current year have been drawn. However, there is no guarantee that we will declare and pay dividends in the future.

SUMMARY

GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering had been completed and 30,440,000 H Shares are issued pursuant to the Global Offering; and (ii) the Over-allotment Option is not exercised.

	Based on the Offer Price of HK\$13.55 per Offer Share	Based on the Offer Price of HK\$15.15 per Offer Share
	<hr/>	<hr/>
Market capitalization of our Shares ⁽¹⁾	HK\$1,649.8 million	HK\$1,844.6 million
Unaudited pro forma adjusted net tangible assets attributable to owners of the parent per Share ⁽²⁾⁽³⁾	HK\$10.58	HK\$10.97

-
- (1) The calculation of market capitalization is based on a total of 121,754,291 Shares expected to be in issue immediately upon completion of the Global Offering.
- (2) The unaudited pro forma adjusted net tangible asset per Share as of December 31, 2024 is calculated after making the adjustments referred to in “Appendix II – Unaudited Pro Forma Financial Information” and on the basis that 121,754,291 Shares were in issue assuming the Global Offering had taken place on December 31, 2024.
- (3) The subsequent events disclosed in the Accountants’ Report in Appendix I to this prospectus would have no impact on the unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Group as of December 31, 2024 per share. For details, see “Appendix II – Unaudited Pro Forma Financial Information”.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

“Accountants’ Report”	The accountants’ report prepared by Ernst & Young, details of which are set out in Appendix I to this prospectus
“affiliate”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Anhui Lianyuan Capital”	Anhui Lianyuan Capital Co. Ltd. (安徽聯元創投有限責任公司) (formerly known as Anhui Guoyuan Capital Co., Ltd. (安徽國元創投有限責任公司)), a limited company established under the laws of the PRC on June 13, 2010, being our Pre-IPO Investor
“Anhui Xunzhong”	Anhui Xunzhong Communication Technology Co., Ltd. (安徽訊眾通信技術有限公司), a limited company established under the laws of the PRC on May 6, 2022, being a wholly owned subsidiary of our Company
“Articles of Association” or “Articles”	the articles of associations of our Company, as amended from time to time, which shall become effective on the Listing Date, a summary of which is set out in Appendix V to this prospectus
“Audit Committee”	the audit committee of the Board
“Beijing Longde”	Beijing Longde Cultural and Creative Investment Fund Management Co., Ltd. (北京龍德文創投資基金管理有限公可), a limited company established under the laws of the PRC on April 17, 2014
“Beijing SASAC”	State-owned Assets Supervision and Administration Commission of Beijing Municipality

DEFINITIONS

“Beijing Qianyi”	Beijing Qianyi Investment Center (L.P.) (北京謙益投資中心(有限合夥)), a limited liability partnership established under the laws of the PRC on January 7, 2015, being our Pre-IPO Investor
“Beijing Xingyuan”	Beijing Xingyuan Investment Management Co., Ltd. (北京興源投資管理有限責任公司), a limited company established under the laws of the PRC on July 14, 2008, being our Pre-IPO Investors
“Beijing Xunzhong IoT”	Beijing Xunzhong IoT Information Technology Co., Ltd. (北京訊眾物聯信息技術有限公司), a limited company established under the laws of the PRC on August 16, 2024, being a wholly owned subsidiary of our Company
“Board” or “Board of Directors”	the board of directors of our Company
“Board Diversity Policy”	the board diversity policy of our Company
“BSE”	Beijing Stock Exchange
“business day”	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAC”	Cyberspace Administration of China (國家互聯網信息辦公室)
“Capital Market Intermediaries”	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“CCRC”	the China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心)
“China”, “Mainland China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this prospectus (unless otherwise indicated), Hong Kong, Macau and Taiwan

DEFINITIONS

“Chongqing Chongbao Chuangrui”	Chongqing Chongbao Chuangrui Cultural and Creative Private Equity Investment Fund Partnership (L.P.) (重慶重報創睿文化創意私募股權投資基金合夥企業(有限合夥)) (formerly known as Chongqing Chongbao Chuangrui Cultural and Creative Equity Investment Fund Partnership (L.P.) (重慶重報創睿文化創意股權投資基金合夥企業(有限合夥))), a limited liability partnership established under the laws of the PRC on March 9, 2016, being our Pre-IPO Investor
“Clearing Participant”	has the meaning as ascribed to it in the General Rules of HKSCC
“Companies (Winding up and Miscellaneous Provisions) Ordinance”	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Beijing Xunzhong Communication Technology Co., Ltd. (北京訊眾通信技術股份有限公司), was incorporated in China on November 20, 2008 as a limited liability company and converted into a joint stock company with limited liability on October 11, 2014.
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CPC”	the Communist Party of China
“CPC Central Committee”	the Central Committee of the Communist Party of China (中國共產黨中央委員會)
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Cybersecurity Review Measures”	Cybersecurity Review Measures (《網絡安全審查辦法》), which took effect on February 15, 2022

DEFINITIONS

“Data Security Law”	Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), which took effect on September 1, 2021
“Deyang Western Digital”	Deyang Western Digital Networking Equity Investment Fund Partnership (L.P.) (德陽市西部數聯網股權投資基金合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on June 10, 2021, being our Pre-IPO Investor
“Dike Data”	Zunyi Dike Data Consulting Co., Ltd. (遵義迪科數據諮詢有限公司) (formerly known as Beijing Dike Data Consulting Co., Ltd. (北京迪科數據諮詢有限公司)), a limited company established under the laws of the PRC on March 15, 2018, being a wholly owned subsidiary of our Company
“Dingfeng Mingdao”	Ningbo Dingfeng Mingdao Huijin Investment Partnership (L.P.) (寧波鼎鋒明道匯金投資合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on April 30, 2015
“Dingfeng Mingdao No. 1 Fund”	Dingfeng Mingdao NEEQ Dingzengbao No. 1 Securities Investment Fund (鼎鋒明道新三板定增寶1號證券投資基金)
“Dingfeng Mingde”	Ningbo Dingfeng Mingde Zhihe Investment Partnership (L.P.) (寧波鼎鋒明德致知投資合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on January 23, 2015
“Directors”	the directors of our Company, including all executive, and independent non-executive Directors
“Domestic Share(s)”	ordinary shares in the share capital of our Company with a nominal value of RMB1.0 each, which are subscribed in Renminbi
“ECLs”	expected credit losses
“EIT”	enterprise income tax

DEFINITIONS

“EIT Law”	Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“Everbright Ziyu”	Jingning Everbright Ziyu Investment Fund Management Center (L.P.) (景寧光大紫雨股權投資基金管理中心(有限合夥)), a limited liability partnership established under the laws of the PRC on December 29, 2016 and de-registered on December 10, 2021, being a former shareholder of our Company
“Exchange Participant(s)”	a person (a) who, in accordance with the Rules of the Hong Kong Stock Exchange, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“F&S” or “Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant and an Independent Third Party
“F&S Report”	an independent market research report prepared by F&S, which was commissioned by our Company for the purpose of this prospectus
“FINI”	Fast Interface for New Issuance, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new issues
“GDP”	gross domestic product

DEFINITIONS

“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group,” “our Group,” “we” or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“Guide”	Guide for New Listing Applicants issued by the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“Guohua Huijin”	Beijing Guohua Huijin Asset Management Co., Ltd. (北京國華匯金資產管理有限公司), a limited company established under the laws of the PRC on April 1, 2014
“H Share(s)”	share(s) in the share capital of our Company with nominal value of RMB1.0 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong Stock Exchange
“H Share Registrar”	Tricor Investor Services Limited
“H Shareholder(s)”	holder(s) of H Share(s)
“Halouwei”	Shanghai Halouwei Information Technology Co., Ltd. (上海哈嚶喂信息科技有限公司) (formerly known as Jiangsu Halouwei Information Technology Co., Ltd. (江蘇哈嚶喂信息科技有限公司)), a limited liability company established under the laws of the PRC on September 19, 2016, being a wholly owned subsidiary of our Company
“Hangzhou Pan Cattle”	Hangzhou Pan Cattle Investment Management Partnership (L.P.) (杭州泛牛投資管理合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on November 18, 2016, being our Pre-IPO Investor

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“Hangzhou Qianhai”	Hangzhou Qianhai Venture Capital Partnership (L.P.) (杭州牽海創業投資合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on June 11, 2015, being one of our Pre-IPO Investors
“Hefei Xuntong”	Hefei Xuntong Huizhong Information Technology Co., Ltd. (合肥訊通惠眾信息技術有限公司), a limited company established under the laws of the PRC on September 15, 2022, being owned as to 80% by our Company and 20% by Hefei Yaohai Technology Innovation Investment Group Co., Ltd. (合肥瑤海科技創新投資集團有限公司) who is an Independent Third Party
“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified on the designated website at www.hkeipo.hk
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of HKSCC Systems, as from time to time in force

DEFINITIONS

“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“HKSCC Rules”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“HKSCC Systems”	CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Hong Kong Offer Shares”	the 3,044,000 H Shares initially offered by us for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in “Structure of the Global Offering”)
“Hong Kong Public Offering”	the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in “Structure of the Global Offering”) at the Offer Price (plus brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee), on and subject to the terms and conditions described in this prospectus, as further described in “Structure of the Global Offering — Hong Kong Public Offering”
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting — Hong Kong Underwriters”

DEFINITIONS

“Hong Kong Underwriting Agreement”	the underwriting agreement dated June 27, 2025 relating to the Hong Kong Public Offering entered into by our Company, Mr. Piao, the Executive Directors, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the CMI and the Hong Kong Underwriters, as further described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering” in this prospectus
“Huagai Venture Capital”	Huagai Venture Capital Management (Beijing) Co., Ltd. (華蓋創業投資管理(北京)有限公司), a limited company established under the laws of the PRC on June 11, 2015
“Huagai Zhuoxin”	Beijing Huagai Zhuoxin Equity Investment Partnership (L.P.) (北京華蓋卓信股權投資合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on June 11, 2015
“Huali Daxing”	Yingkou Huali Daxing Technology Co., Ltd. (營口華利達興科技有限公司), a limited company established under the laws of the PRC on November 10, 2014, being owned as to 70% by our Company and 30% by Mr. Peng Liang (彭亮) who is a director of Huali Daxing and a core connected person of the Company at the subsidiary level
“Hualong Jincheng”	Hualong Jincheng Investment Co., Ltd. (華龍金城投資有限公司), a limited company established under the laws of the PRC on February 12, 2018, being our Pre-IPO Investor
“Huiyuan AIA”	Beijing Huiyuan AIA Technology Co., Ltd. (北京匯元友邦科技有限公司), a limited company established under the laws of the PRC on July 7, 2009, being our Pre-IPO Investor
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee

DEFINITIONS

“Independent Third Party(ies) “	any entity(ies) or person(s) who, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Hong Kong Listing Rules
“International Offer Shares”	the 27,396,000 H Shares being initially offered by our Company for subscription under the International Offering, subject to reallocation as described in the section headed “Structure of the Global Offering”
“International Offering”	the offer of the International Offer Shares outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong, as further described in the section headed “Structure of the Global Offering”
“International Underwriter(s)”	the underwriter(s) of the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering expected to be entered into by, among others, our Company and the International Underwriters on or about the Price Determination Date, as further described in the section headed “Underwriting — Underwriting Arrangements and Expenses — The International Offering” in this prospectus
“Jiangsu Hongluo”	Jiangsu Hongluo Network Technology Co., Ltd. (江蘇宏絡網絡科技有限公司) (formerly known as Anhui Hongluo Network Technology Co., Ltd. (安徽宏絡網絡科技有限公司)), a limited company established under the laws of the PRC on August 17, 2016, being a wholly owned subsidiary of our Company
“Jiangsu Huashao”	Jiangsu Huashao Communication Technology Co., Ltd. (江蘇華紹通信科技有限公司), a limited company established under the laws of the PRC on January 5, 2017, being a wholly owned subsidiary of our Company
“Jiangsu Shaoyan”	Jiangsu Shaoyan Information Technology Co., Ltd. (江蘇韶顏信息科技有限公司), a limited company established under the laws of the PRC on November 29, 2016, being a wholly owned subsidiary of our Company

DEFINITIONS

“Jishihui”	Beijing Jishihui Technology Co., Ltd. (北京及時會科技有限公司), a limited company established under the laws of the PRC on June 16, 2017, being a wholly owned subsidiary of our Company
“Joint Global Coordinators”, “Joint Bookrunners” or “Joint Lead Managers”	the joint global coordinators, the joint bookrunners and the joint lead managers as named in “Directors, Supervisors and Parties Involved in the Global Offering” in this Prospectus
“Latest Practicable Date”	June 20, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Lianchuang Innovation”	Lianchuang Innovation (Chengdu) Equity Investment Fund Partnership (L.P.) (聯創創新(成都)股權投資基金合夥企業(有限合夥)) (formerly known as Unicom Innovation Internet Chengdu Equity Investment Fund Partnership (L.P.) (聯通創新互聯成都股權投資基金合夥企業(有限合夥))), a limited liability partnership established under the laws of the PRC on June 28, 2017, being one of our Pre-IPO Investors
“Liaoning Xunzhong”	Liaoning Xunzhong Communication Technology Service Co., Ltd. (遼寧訊眾通信技術服務有限公司), a limited company established under the laws of the PRC on November 24, 2022, being a wholly owned subsidiary of our Company
“Listing”	listing of our H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date on which dealings in our H Shares first commence on the Main Board of the Hong Kong Stock Exchange
“Litigation Lawyer”	Beijing Tenghe Law Firm, our litigation lawyer to the Beijing Yakang and Beijing Yunxi Case as disclosed in the section headed “Business — Legal Proceedings” in this prospectus
“Macau”	the Macau Special Administrative Region of the PRC

DEFINITIONS

“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“MOHURD”	the Ministry of Housing and Urban and Rural Development of the PRC (中華人民共和國住房和城鄉建設部)
“Mr. Piao” or “Single Largest Shareholder”	Mr. Piao Shenggen (樸聖根), the chairman of our Board, general manager and a substantial shareholder of our Company; as of the Latest Practicable Date, Mr. Piao held approximately 27.36% interests in our Company and will continue to remain our Company’s single largest shareholder
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國發展和改革委員會)
“NEEQ”	the National Equities Exchange and Quotations (全國中小企業股份轉讓系統), a PRC over-the-counter system for trading shares of public companies
“Ningxia Xunzhong”	Ningxia Xunzhong Intelligent Technology Co., Ltd. (寧夏訊眾智慧科技有限公司), a limited company established under the laws of the PRC on May 16, 2024, being owned as to 70% by our Company and 30% by Ningxia Zhixun Market Development Co., Ltd. (寧夏智訊市場發展有限責任公司) who is an Independent Third Party
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per Offer Share (exclusive of a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and a Hong Kong Stock Exchange trading fee of 0.00565%)

DEFINITIONS

“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares
“Oriental Huagai”	Beijing Oriental Huagai Venture Capital Co., Ltd. (北京東方華蓋創業投資有限公司), a limited company established under the laws of the PRC on December 30, 2013, being one of our Pre-IPO Investors
“Overall Coordinators”	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to the overall coordinators as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering” in this prospectus
“Over-allotment Option”	the option to be granted by us to the International Underwriters exercisable by the Overall Coordinators on behalf of the International Underwriters under the International Underwriting Agreement, to require us to issue and allot up to 4,566,000 additional H Shares at the Offer Price, representing up to 15% of the total number of Offer Shares initially available under the Global Offering to, among others, cover over-allocations in the International Offering, if any, further details of which are described in the section headed “Structure of the Global Offering — The International Offering — Over-allotment Option” in this prospectus
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“People’s Congress”	the PRC’s legislative apparatus, including the National People’s Congress and all the local people’s congresses (including provincial, municipal and other regional or local people’s congresses) as the context may require, or any of them
“Personal Information Protection Law”	Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》), which entered into effect on November 1, 2021
“PRC Company Law”	Company Law of the PRC (《中華人民共和國公司法》) as amended, supplemented and otherwise modified from time to time

DEFINITIONS

“PRC government” or “Central Government” or “State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
“PRC Legal Advisors”	King & Wood Mallesons, our legal advisors as to PRC laws
“PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
“Pre-IPO Investment(s)”	the pre-IPO investments in our Company undertaken by our Pre-IPO Investors, details of which are set out in “History, Development and Corporate Structure — Pre-IPO Investments”
“Pre-IPO Investor(s)”	the investors in our Company prior to our Listing, as set out in “History, Development and Corporate Structure”
“Price Determination Agreement”	the agreement to be entered into by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Monday, July 7, 2025 (Hong Kong time) on which the Offer Price is determined by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and us, but in any event no later than 12:00 noon on Monday, July 7, 2025
“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“R&D”	research and development

DEFINITIONS

“Relevant Persons”	the Company, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company’s respective directors, supervisors, officers, employees, partners, agents, advisors or representatives or any other parties involved in the Global Offering
“Remuneration and Assessment Committee”	the remuneration and assessment committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SAT”	the State Administration of Taxation of the PRC (國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Dingshu”	Shanghai Dingshu Information Technology Co., Ltd. (上海鼎疏信息科技有限公司), a limited company established under the laws of the PRC on November 14, 2012, being a wholly owned subsidiary of our Company
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB1.0 each, comprising the Unlisted Shares and H Shares
“Shareholders(s)”	holder(s) of the Share(s)
“Sichuan Xuntong”	Sichuan Xuntong Huizhong Smart City Technology Co., Ltd. (四川訊通惠眾智慧城市科技有限公司), a limited company established under the laws of the PRC on May 11, 2023, being a wholly owned subsidiary of our Company

DEFINITIONS

“Sichuan Xunzhong”	Sichuan Xunzhong Communication Technology Co., Ltd. (四川訊眾通信技術有限公司), a limited company established under the laws of the PRC on April 14, 2022, being a wholly owned subsidiary of our Company
“Sichuan Yuyu”	Sichuan Yuyu E-commerce Co., Ltd. (四川語鈺電子商務有限公司), a limited company established under the laws of the PRC on November 29, 2016, being a wholly owned subsidiary of our Company
“SME”	Small to medium sized enterprises
“SOE(s)”	state-owned enterprise(s)
“Sole Sponsor”	DBS Asia Capital Limited
“Sole Sponsor-Overall Coordinator”	DBS Asia Capital Limited
“sq.m.”	square meters
“Stabilizing Manager”	DBS Asia Capital Limited
“State Council”	State Council of the People’s Republic of China (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Strategic Committee”	the strategic committee of the Board
“Supervisor(s)”	member(s) of our Supervisory Committee
“Supervisory Committee”	the supervisory committee of our Company
“Suzhou Historic and Cultural City Development Group”	Suzhou Historic and Cultural City Development Group Co., Ltd. (蘇州歷史文化名城發展集團有限公司), a limited company established under the laws of the PRC on June 27, 2011, being our Pre-IPO Investor

DEFINITIONS

“Suzhou Historic and Cultural City Development Venture Capital”	Suzhou Historic and Cultural City Development Group Venture Capital Co., Ltd. (蘇州市歷史文化名城發展集團創業投資有限公司), a limited company established under the laws of the PRC on March 24, 2014
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Tianxing Shuimu”	Beijing Tianxing Shuimu Investment Center (L.P.) (北京天星水木投資中心(有限合夥)), a limited liability partnership established under the laws of the PRC on March 24, 2015
“Track Record Period”	the period comprising the years ended December 31, 2022, 2023, and 2024
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	United States Securities Act of 1933, as amended
“Underwriters”	collectively, the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“Unicom Innovation”	Unicom Innovation Venture Capital Co., Ltd. (聯通創新創業投資有限公司), a limited company established under the laws of the PRC on April 29, 2014
“Unlisted Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which is/are not listed or traded on any stock exchange (other than NEEQ)
“US\$”, “U.S. dollar” or “USD”	United States dollars, the lawful currency of the United States
“VAT”	value-added tax
“Wutong Holding”	Wutong Holding Group Co., Ltd. (吳通控股集團股份有限公司), a limited company established under the laws of the PRC on June 22, 1999, being our Pre-IPO Investor

DEFINITIONS

“Xunzhong Tongxin”	Beijing Xunzhong Communication Technology Limited (北京訊眾通信技術有限公司), a limited company established under the laws of the PRC on November 20, 2008, being the predecessor company of our Company
“Xuzhou Xuntong”	Xuzhou Xuntong Network Communication Technology Co., Ltd. (徐州訊通網聯通信技術有限公司), a limited company established under the laws of the PRC on August 11, 2022, being owned as to 61% by our Company, 23% by Xuzhou Xiangde Enterprise Management Partnership (L. P.) (徐州祥德企業管理合夥企業(有限合夥)) who is an Independent Third Party and 16% by Xuzhou High-tech Industrial Development Zone Venture Development Co., Ltd. (徐州高新技術產業開發區創業發展有限公司) who is an Independent Third Party
“Xuzhou Science and Technology”	Xuzhou Science and Technology Venture Capital Fund (L.P.) (徐州市科創創業投資基金(有限合夥)), a limited liability partnership established under the laws of the PRC on March 4, 2020, being our Pre-IPO Investor
“Yunxun Science and Technology”	Beijing Yunxun Science and Technology Co., Ltd. (北京雲訊科技有限公司), a limited company established under the laws of the PRC on September 14, 2011, being a wholly owned subsidiary of our Company
“Yunyan Tianchuang”	Beijing Yunyan Tianchuang Technology Co., Ltd. (北京雲研天創科技有限公司), a limited company established under the laws of the PRC on March 30, 2017, being a wholly owned subsidiary of our Company
“Zhongmai Communication”	Beijing Zhongmai Communication Technology Co., Ltd. (北京眾麥通信技術有限公司), a limited company established under the laws of the PRC on February 7, 2017, being a wholly owned subsidiary of our Company
“Zhuhai Rongyi”	Zhuhai Rongyi Equity Investment Partnership (L.P.) (珠海融益股權投資合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on February 4, 2016, being one of our Pre-IPO Investors
“%”	per cent

Unless expressly stated or the context otherwise requires, all information and data in this prospectus is as of the Latest Practicable Date.

DEFINITIONS

In this prospectus, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese version shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“5G”	5G stands for fifth-generation cellular network technology. It offers improved speed, capacity, and reduced latency compared to its predecessor, 4G
“API”	Application Programming Interface, commonly known as API, is a set of protocols that allows unconnected applications to communicate with each other
“big data”	refers to extremely large and complex datasets that exceed the processing capabilities of traditional data management tools. The field of big data analytics focuses on examining these large datasets to uncover patterns, correlations, and insights that can inform decision-making and strategic planning across various sectors.
“call agent(s)”	individuals who handle incoming and outgoing calls in a call center or customer service environment
“call bot(s)”	automated software programs designed to interact with humans through voice or text-based conversations
“cloud-based”	cloud-based service refers to any service, application, or resource that is made available to customers on demand via the internet from a cloud computing provider’s server, rather than being provided from a company’s own on-premise server
“cloud native”	refers to an approach in software development that fully leverages cloud computing technologies. It involves building and running applications designed to exploit the scalability, flexibility, and resilience of cloud environments
“computing power”	refers to the capacity of a computer or computer system to execute complex computations and data processing tasks within a given timeframe
“Contact Center SaaS”	Contact Center Software as a Service, one of our Group’s business segment

GLOSSARY OF TECHNICAL TERMS

“CPaaS”	Communications Platform as a Service, one of our Group’s business segment
“CPU”	Central Processing Unit
“cross-selling”	the practice of marketing additional services and solutions to existing customers
“ECS”	Elastic Compute Service is a type of cloud computing service that provides scalable virtual servers. These servers can be used to run applications, store data, and perform various computing tasks.
“edge computing”	a distributed information technology architecture in which data is processed as close to the originating source as possible. This approach moves computing resources from centralized data centers closer to the devices generating and consuming data, such as IoT devices, smartphones, or local servers
“end users”	in the context of describing our cloud-based communications services, individuals who use our customers’ applications, websites, or services and who during this process provide personal information, as defined by the PRC Personal Information Protection Law
“generic LLM”	a large language model which is suitable for general conversational scenarios. It may generate less satisfactory responses as compared to specific LLMs in connection with questions that are related to a specific industry or an application scenario
“GPU”	graphics processing units, which are specialized electronic circuits designed to accelerate the processing of images and videos for display. Originally designed to render graphics for computer games, GPUs have evolved to handle a wide range of computational tasks.
“H5”	HTML5, which is the fifth and latest major version of HTML (HyperText Markup Language), the standard programming language for describing the contents and appearance of web pages

GLOSSARY OF TECHNICAL TERMS

“IDC”	IDC stands for Internet Data Center. An IDC is a facility used to house computer systems and associated components, such as telecommunications and storage systems. It generally includes redundant or backup power supplies, redundant data communications connections, environmental controls (e.g., air conditioning, fire suppression), and various security devices.
“IoT”	the Internet of Things, refers to the network of physical devices embedded with electronics, software, sensors, and network connectivity, which enables these objects to collect and exchange data, allowing these devices to communicate with each other and with users
“knowledge graph”	A knowledge graph is a structured representation of information that models the relationships between different entities, concepts, or objects. It is designed to integrate, manage, and retrieve complex data in a way that is both human-readable and machine-processable.
“LLM”	Large language model, refers to a type of artificial intelligence that is designed to process and generate human-like language by leveraging statistical patterns learned from vast corpora of text data
“load balancing”	the process of distributing network traffic or computing tasks across multiple servers or resources to optimize resource utilization, maximize throughput, minimize response time, and avoid overload of any single resource
“machine learning”	machine learning focuses on the development of algorithms and statistical models that enable computers to learn from and make predictions or decisions based on data. Machine learning systems improve their performance on a task by learning from data rather than following pre-programmed rules
“MCU”	Multi-point Control Unit

GLOSSARY OF TECHNICAL TERMS

“NLP”	Natural Language Processing (NLP) is a field of artificial intelligence (AI) that focuses on the interaction between computers and humans through natural language. The goal of NLP is to enable computers to understand, interpret, and generate human language in a way that is both meaningful and useful.
“nodes”	a specific point or step within the call flow or decision tree. Each node represents a particular interaction or decision point in the conversation between the call bot and the caller
“PaaS”	Platform as a Service is a cloud-based service that provides a pre-configured, ready-to-use platform for users to run and manage software applications without the complexity of building and maintaining the underlying infrastructure. The platform is hosted by a service provider and accessed over the internet
“RCS”	Rich Communication Services (RCS) is an enhancement of traditional Short Message Service (SMS) and Multimedia Messaging Service (MMS) that includes various advanced features such as read receipts, typing indicators, high-quality media sharing, improved group chats, and interactive elements
“SaaS”	Software as a Service, refers to a cloud computing model that provides users with access to software applications via the internet, eliminating the need for users to install and run the application on their own computers or infrastructure
“SDK”	Software Development Kit, a set of software tools, guidelines, and programs used by developers to create applications for specific platforms
“SMS”	short message service
“specific LLM”	a large language model which is trained to provide responses to questions which are related to a specific industry or an application scenario

GLOSSARY OF TECHNICAL TERMS

“up-selling”

where a seller encourages a customer to purchase a more expensive item, upgrade a product, or add on extra features to make a more profitable sale

“URL”

Uniform Resource Locator (URL) is a string of characters that provides a means of locating and retrieving a resource on a network, typically the internet. A common example of an URL is a web address

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- general political and economic conditions;
- our business prospects and our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the insurance industry and markets in which we operate or into which we intend to expand;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in China and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to China and the insurance industry and markets in which we operate;
- various business opportunities that we may pursue; and
- capital market developments, changes in the global economic conditions and material volatility in the global financial markets.

FORWARD-LOOKING STATEMENTS

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors” and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. These risks could materially and adversely affect our business, financial condition, and results of operations. The trading price of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition, and results of operations. You should seek professional advice from relevant advisors regarding your prospective investment in the context of your particular circumstances.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section titled “Forward-Looking Statements” in this prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Fluctuations in demand for our services and solutions may adversely affect our business and results of operations. Any loss of or decline in demand for our services and solutions could materially and adversely affect our business, results of operations, and financial condition.

We provide cloud-based communications services, project-based communications solutions, and other communications services and accessories based on customer demand. Our cloud-based communication services include CPaaS and Contact Center SaaS services. For CPaaS services, we charge customers based on usage and the price per unit. For Contact Center SaaS services, our pricing generally comprises three components: a number rental fee, a seat fee, and a call fee, all of which depends on the customers’ monthly usage of our services. Our project-based communications solutions primarily follow a project-based pricing model, where customers are generally billed by milestones outlined in the Project contract. Our revenue depends on the number of projects, the fee charged for each project, and our ability to develop new customer relationships in a timely manner.

Any decrease in demand for our services and solutions, such as a decrease in usage, unit prices of different resources, quality and complexity of services requested, and project prices, or our failure to develop new customer relationships in a timely manner, may have a material adverse effect on our business, financial performance, and results of operations. A number of factors could negatively affect the demand for our services and solutions, including:

- we fail to update or expand our existing services and solutions or develop new technologies;

RISK FACTORS

- we suffer from negative publicity, or our reputation is damaged;
- we fail to address customers' concerns related to data privacy, safety, or security;
- we make adverse changes to our services and solutions or become unable to provide services and solutions in response to new legislation, regulations, or government policies;
- we fail to satisfy additional compliance requirements of our customers and suppliers as a result of the regulatory changes they are subject to;
- we suffer from real or perceived errors, defects, failures, vulnerabilities, or bugs in our services or solutions; and
- we fail to compete effectively.

Our suppliers and customers are also subject to laws that safeguard data privacy and security in China, as well as licensing requirements for telecommunications services. Changes in their internal policies due to regulatory changes may also prohibit them from supplying us with services and products or purchasing services and solutions from us. Any termination of provision of some or all of the telecommunications sources by our key suppliers could materially and adversely affect our ability to meet customer demand for cloud-based communications services. In addition, any reduction in the purchase of our services and solutions by our major customers could materially and adversely affect their respective revenue contribution. As we pursue new business opportunities, we may also need to implement additional compliance requirements at the request of our customers and suppliers to facilitate these endeavors. This could result in significant costs, which may in turn adversely affect our business, results of operations and financial condition.

Our customers use our services or solutions to manage important aspects of their businesses, and any errors, defects, failures, vulnerabilities, bugs or other performance problems of our services or solutions could hurt our reputation and may damage our customers' businesses, our customer's view on the quality of our services and solutions, and consequently, their intention to purchase our services and solutions. There can be no assurance that our services or solutions does not or will not contain undetected errors, defects, bugs, or vulnerabilities, which may cause temporary service outages for some customers. Certain errors in our software code may not be discovered until after customers start to use our service and solutions. Any error, defect, bug, or vulnerability discovered while customers use our service and solutions could result in damage to our reputation, loss of customers, loss of revenues, or liability for damages, any of which could adversely affect our business and financial results. Any history of defects, or the loss, damage, or inadvertent release of confidential customer data, could cause our reputation to be harmed, and customers may elect not to purchase or

RISK FACTORS

renew their agreements with us and subject us to warranty claims or other liabilities. The costs associated with any material defect or error in our services or solutions, or other performance problems may be substantial and could materially and adversely affect our results of operations.

We had a market share of approximately 1.8% in China's cloud-based communications services market, as measured by revenue in 2024. There is no guarantee that we will be able to maintain our current market position or compete with our peers effectively. See “— Failure to maintain our advantages in an increasingly competitive market may adversely affect our business and prospects.”

Failure to maintain our advantages in an increasingly competitive market may adversely affect our business and prospects.

We have different competitors in our different business segments, including cloud-based communication services, project-based communications solutions, and supplemental communications services. Large internet companies have participated or may participate in competition within one or more of the industries in which we conduct business in the future. They possess strong technological and financial resources, are well-known in the market, and have well-established customer networks. It would be difficult for us to reach a comparable business scale in the short term that would allow us to compete with them on the same level. There is no guarantee that we will be able to maintain our market position or compete with our competitors effectively. Failure to compete with our competitors may lead to a loss of our current market position and a decrease in our revenue, in turn negatively affecting our business, financial condition, results of operations, and prospects. If we cannot keep up with new market trends and maintain our competitive advantages, we may lose market share to competitors, and our business, financial condition, results of operations, and prospects may be adversely affected.

If we cannot continue to innovate or effectively respond to the rapidly evolving technology, market demands, industry dynamics, and other risks and uncertainties, our business, results of operations, and prospects would be materially and adversely affected.

Technology is important to our services and solutions. If we fail to innovate, our position in the industry could be damaged, which in turn would materially and adversely affect our business, financial condition, results of operations, and prospects. Sustained innovation requires us to invest significant resources in identifying unmet or underserved customer needs, developing new technologies and services, and attracting talents, among other things. Our investments in innovation, which could be costly, may not generate the expected economic benefits in the near term, or at all, in which case our business, results of operations, financial condition, and prospects may be materially and adversely affected. In addition, if we are unable to respond to technological developments or changing market dynamics in a cost-effective and timely manner, our business, financial condition, and results of operations may also be materially and adversely affected.

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We need to anticipate customer preferences and market trends and respond to changes in our markets in a timely and effective manner. In addition, we face uncertainties in relation to the intensifying competition and evolving regulatory environment in China's data technology sector. Market changes and developments may from time to time require us to re-evaluate and adjust our business model, upgrade our offerings, and adopt significant changes to our business strategies and plans. We cannot assure you that we will be successful in implementing these initiatives. If we fail to adapt to these developments promptly, or at all, our business, financial condition, results of operations, and prospects may be materially and adversely affected.

Our business relies on telecommunications resources provided by China's major telecommunications operators and other service providers. If we fail to maintain our collaborations with these telecommunications operators or service providers, our ability to serve our customers could be materially and adversely affected.

We cooperate and maintain good relationship with China's major telecommunications operators and other service providers in China to provide our services. Specifically, we obtain telecommunications resources from telecommunications operators and service providers, and offer cloud-based communications services to allow our customers to access and utilize these resources in a way that suits their specific communication needs. We expect that we will continue to rely heavily on our collaborations with telecommunications operators and service providers to offer our services and solutions. Any termination of our collaboration with any major telecommunications operator or any of the key service providers we collaborate with would negatively impact our business. In addition, as telecommunications operators and service providers have service capacity limits, should any of our customers' demand exceed the capacity of our suppliers, we would be unable to meet our customers' demand. This could adversely affect our business, reputation, and relationship with our customers.

Our reliance on telecommunications operators and service providers has reduced our operating flexibility as well as our ability to control quality and make rectifications. Our customers may encounter errors or defective performance caused by a telecommunications operator or service provider, and if we fail to make timely or effective rectifications, it could negatively impact customer satisfaction and result in a loss of our existing customers or delay the adoption of our services and solutions by prospective customers.

Telecommunications operators or service providers may also institute additional fees due to regulatory, competitive, or other reasons. We have historically responded to such fee increases by a fee arrangement with our suppliers and passing on the increased cost to our customers. Our ability to respond to any increased fees charged by telecommunications operators and service providers may be constrained if all telecommunications operators and service providers in a particular market implement similar fee increases, or if the magnitude of the fees is disproportionately large when compared to the underlying prices we charge our customers, or if the market conditions and competitive landscape limit our pricing ability. If we are unable to respond to such fee increases in a way that preserves the competitiveness or profitability of our services and solutions, our business, results of operations, and financial condition could be materially and adversely affected.

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Furthermore, our contracts with our suppliers generally have a fixed term of one year, and they may terminate our collaboration upon expiration. If a significant portion of our suppliers cease to provide us with access to their telecommunications resources or fail to provide services to us on favorable terms, it could be costly and time consuming to switch to other qualified telecommunications operators and service providers in the affected regions on commercially reasonable terms or at all, which could materially and adversely affect our business, financial condition, and results of operations.

If we fail to maintain the compatibility of our services and solutions across devices, business systems and applications, and physical infrastructure that we do not control, it could lead to increased integration costs and lowered customer satisfaction.

Our services and solutions are compatible with a wide range of devices, business systems and applications, and physical infrastructure. The experience of our customers depends, in part, on our ability to integrate our services with their existing systems and applications, many of which may have been developed by third-party providers. In addition, the functionality of our services and solutions depends on their seamless integration with our customers' legacy on-premise hardware and communications infrastructure, such as third-party video-conferencing systems. Third-party services and products are constantly evolving, and we may not be able to modify our services and solutions to assure their compatibility with other third parties' services and products following development changes of the latter. Furthermore, third-party providers or manufacturers may, without prior notice, change the configuration or features of their services and products, restrict our access, or adversely alter the terms and conditions of use. Any of these changes could functionally limit or terminate our ability to integrate our services and solutions with these third-party products and services, which could have a material negative impact on our business. If we fail to properly integrate our services and solutions with our customers' existing systems, application, hardware, or physical infrastructure, whether developed in-house or by third parties, we may be unable to meet our customers' expectations in terms of product functionality and performance, which would materially and adversely affect our business, results of operations, and financial condition. Our customers also use and manage our services and solutions on multiple terminals, including PCs and mobile devices such as smartphones and tablets. As new smart devices and operating systems are released, we may encounter difficulties supporting these devices and operating systems, and we may need to devote significant resources to the development, support, and upgrade of our services and solutions in order to maintain compatibility. If we experience difficulties integrating our services and solutions with the devices and operating systems of any customer, our business, results of operations, and prospect may be materially and adversely affected.

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Our services and solutions depend on the telecommunications and internet infrastructure, servers, technologies, software and hardware provided by telecommunications operators, service providers, and other suppliers. Unexpected system failures, interruptions, and inadequacies may harm our business and results of operations.

Our services and solutions rely on the performance, reliability and security of the telecommunications and internet infrastructure, principally the major telecommunications operators in China. We may not have access to alternative networks in the event of disruptions, failures or other problems with the telecommunications or internet infrastructure. In the case that such disruptions, failures, or problems occur, we may not be able to provide our services at the same quality or speed, or at all. In addition, our services and solutions rely on the performance and security of our cloud-based servers and internet data center servers, which we lease from third-party providers. Those servers may incur disruptions due to inappropriate maintenance, defects, human errors, or other factors out of our control. In the case of server disruptions, the quality of our services and solutions may be affected, or we may not be able to provide our services and solutions at all. As a result, our reputation, business, results of operation, and financial condition may be adversely affected.

We rely upon the technologies, software, and hardware procured from suppliers in providing our services and solutions. However, our supplies of technologies, software or hardware may encounter errors and defects that prevent them from operating properly, which could in turn adversely affect the quality of our services and solutions and other aspects of our business where we rely upon such technologies, software or hardware. Our proprietary technologies and software may also contain errors that were undetected in our testing. Such errors could lead to performance problems and other issues in our services and solutions. Any failure by us to identify and promptly address any errors or drop in quality in our services and solutions could result in loss of customers, harm to our reputation, and increased customer support costs, in turn adversely affecting our business, results of operations, financial conditions, and prospect.

If we fail to attract new customers or retain existing ones, our business, financial condition, and results of operations could be materially and adversely affected.

During the Track Record Period, we experienced significant shifts in the composition of our key customers. For the three years ended 31 December 2024, a total of 11 different customers were among our five largest customers for the years ended 31 December 2022, 2023, and 2024. This volatility in our key customer base creates uncertainty regarding our ability to maintain stable revenue streams from major customers. The volatility in our key customer composition may hinder our ability to accurately forecast revenue and allocate resources effectively.

The frequent changes in our top five customers may result from various factors, such as shifts in customer demand, pricing expectations, or their strategic business adjustments. There can be no assurance that we will retain these key customers or attract new ones to replace them.

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If we fail to stabilize our major customer composition, our revenue may become less predictable, our growth prospects may be impaired, and our business, financial condition, and results of operations could be materially and adversely affected.

To increase our revenue and maintain future growth, we must attract new customers, especially large customers, and encourage existing customers to increase their business with us. For our customer demand to grow, the quality, cost, and value-added features of our services and solutions must compare favorably to those of our competitors'. To that end, we must continue to offer high-quality services and solutions that reflect market trends and customer demand at competitive prices. As our target markets mature, or as our competitors introduce a wider range of services and solutions at lower and more competitive costs, we may be unable to attract new customers or retain existing ones on favorable terms or at all, which may adversely affect our revenue and future growth. Additional business from our existing customers also depend on a number of factors, including the importance of such additional services and solutions to our customers, their quality and performance, the prices at which we offer them, and the general economic condition and specific industry landscape in relation to our customers. For other factors that may affect customer demand in general, see “—Fluctuations in demand for our services and solutions may adversely affect our business and results of operations. Any loss of or decline in demand for our services and solutions could materially and adversely affect our business, results of operations, and financial condition.” If our customers react negatively to our new services and solutions or upgrades, or if our efforts to cross-sell and up-sell are not as successful as we anticipate, we may fail to maintain or grow our revenue and our customer base.

We must also continue to improve and adapt our sales and marketing strategies. In particular, we derive a significant portion of our revenue from our key customers. In 2022, 2023 and 2024, we had 24, 32, 32 key customers whose contribution to revenue over RMB5 million during the period, respectively. Developing key customers require us to invest greater sales and marketing efforts, such as assigning more senior sales personnel to engage potential customers, bearing higher sales costs, accommodating more complex customer requests, and accepting other conditions such as longer sales cycles, less favorable terms, and less predictability. Competition for such key customers is fierce, and we may lose potential key customers to competitors after incurring substantial upfront sales costs. If we fail to develop new key customers or retain our existing ones, our business, financial condition, results of operations, and prospect would be materially and adversely affected.

In addition, we must continue to offer high-quality training, implementation, and other customer support services to attract new customers and retain existing ones. We have been offering customer support services that aim to ensure customer satisfaction and expand cross-selling and up-selling opportunities. Many of our customers depend on our customer support personnel to assist them in deploying or using our services and solutions effectively, help them resolve post-deployment issues quickly, and provide them with ongoing support. Our customer services require personnel with industry-specific technical knowledge and expertise, and such personnel may be difficult and costly to locate and hire. We also need to provide our customer support personnel with extensive training on our services and solutions, which could

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make it difficult to scale up our operations rapidly or effectively, especially when we expand our business across different geographical markets or industries. If we fail to provide effective ongoing support and help our customers promptly resolve issues, our ability to attract new customers and retain existing ones could be negatively affected. We may also be unable to respond quickly enough to accommodate sharp increases in demand for customer support, or to modify the nature, scope, and delivery of our customer support to compete with customer support services provided by our competitors. Increased demand for customer support, without corresponding increases in revenue, could increase our costs and adversely affect our business, results of operations, and financial condition. Our business is highly dependent on our reputation and positive recommendations from existing customers. Any failure, or perception of failure, to deliver and maintain high-quality customer support, could adversely affect our ability to attract new customers and therefore our business, results of operations, and financial condition.

If the growth of our project-based communications solutions business does not meet expectation, or if the price or profit margin of our solutions decrease in the future, our business, results of operations, and prospects may be significantly affected.

It is uncertain whether the expansion of our project-based communications solutions business would happen as we expect, or whether our efforts and related investments would ever result in significant revenue for us. Whether potential customers accept our project-based communications solutions depends, to a large extent, on their level of awareness of similar solutions and whether similar solutions are widely used. We cannot assure you that the trend of adopting and utilizing our project-based communications solutions will continue in the future. If our project-based communications solutions do not achieve widespread acceptance, or there is a reduction in demand for such solutions caused by weakening economic conditions, decreases in corporate spending, technical challenges, data security or privacy concerns, governmental regulation, competing technologies and products or services or other factors, our business, results of operations, and prospects will be materially and adversely affected. Furthermore, significant technology changes and upgrades and the introduction of new solutions in the future may not result in long-term success or significant revenue for us. We may need to maintain or expand our project-based communications solutions business by strategically maintaining a low profit margin. We cannot assure you that the profit margin of our project-based communications solutions business will increase or maintain at the current level in the future.

In addition, strong market competition, undermined business reputation, and decrease in price may result in decreases in our revenue and force us to strategically lower the profit margins of our project-based communications solutions in order to maintain competitiveness, which in turn could materially and adversely affect our business, financial condition, results of operations, and prospects.

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If we fail to maintain and expand our sales channels, it could limit the number of customers we serve and materially and adversely affect our ability to grow and expand.

Our future success requires us to maintain a successful sales and marketing team that identifies and closes new sales opportunities. We also need to enhance our ability to sell additional services and solutions to existing customers. If our sales efforts are as not successful as anticipated, we may be unable to meet our revenue growth targets. Our sustained success requires continuous efforts to develop and maintain successful relationships with our customers and increasing our sales to them. If we fail to do so, or if our customers find that their own customers do not react favorably to our services, we may be unable to grow and expand our business, and our results of operations and financial condition could be materially and adversely affected. We plan to invest approximately 15.6% of our net proceeds from the Global Offering in promoting our services and solutions on new media platforms, enhancing brand awareness through hosting exchange meetings and participating in industry seminars, and developing online agents to recommend our solutions to their SME customers. For details, see “Future Plans and Use of Proceeds — Use of Proceeds”. There is no guarantee that our plans to expand our sales channels and acquire new customers will be successful or will achieve the results we expected, and the failure of such plans could adversely affect our business and results of operations.

Our ability to attract and retain qualified personnel could materially affect our business and results of operations. Rising labor costs could make it more costly to attract and retain qualified personnel and adversely affect our results of operations.

Our business requires a large number of information technology talents. We plan to employ a total of approximately 78 developers, engineers, and product managers over the next three years to focus on developing programs for training and applying specific LLMs in our cloud-based communications services and project-based communications solutions. For details, see “Future Plans and Use of Proceeds — Use of Proceeds”. However, competition for high-end talents in the industry is fierce. If we lose key technology personnel to competitors and fail to attract talents that can effectively replace them in time, our core technical and research and development teams could be negatively affected, in turn materially and adversely affecting our business and results of operations. New additions to our team may not become as productive and efficient as we expect, and we may be unable to hire or retain sufficient qualified individuals in the future. Our future performance also depends on the continued services and contributions of our senior management. Any loss of service from our senior management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition, and results of operations.

In addition, the average wage in China has risen in recent years and is expected to continue to rise in the future. In our industry, fierce competition for high-end talents has led to a notable increase in the wages of experienced and highly educated individuals. Moreover, we are required by PRC laws and regulations to pay various statutory employee benefits, such as pension, housing fund, medical insurance, work-related injury insurance, unemployment

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insurance, and maternity insurance. If we are unable to control our labor costs or pass on these increased labor costs to our customers, our business, financial condition, and results of operations may be adversely affected.

Our research and development efforts may not yield the benefits we expect, and our business and results of operations may be materially and adversely affected.

We need to continuously invest financial and human resources in technological research and development to remain competitive in the market. Our research and development expenses incurred were approximately RMB45.7 million, RMB40.5 million, and RMB38.1 million in 2022, 2023 and 2024, respectively, accounting for approximately 5.6%, 4.4%, and 4.1% of our revenue for each of the corresponding periods, respectively. In addition, we plan to invest approximately 45.4% of our net proceeds from the Global Offering in continuous improvement and development of our services and solutions, including updating our existing cloud-based communications services and solutions by incorporating LLMs, purchasing and renting computing power, training voiceprint, image and motion recognition models, and GPUs, and outsourced research and development. For details, see “Future Plans and Use of Proceeds — Use of Proceeds”.

The outcome of research and development is inherently uncertain, and we may encounter practical difficulties in commercializing our research development results. Our expenditures on research and development may not generate benefits as we expect. We may not be able to timely upgrade our services and solutions or technologies in an efficient and cost-effective manner, or at all. New technologies in our industry could render our research and development efforts and the services and solutions that we are developing or expect to develop in the future obsolete, not commercially viable, or unattractive, thereby limiting our ability to recover related costs, which could adversely affect our business, financial condition, and results of operations.

Our inability to use software licensed from third parties, including open-source software, could negatively affect our ability to sell our services and solutions and subject us to possible litigation.

Our technology platform incorporates software licensed from third parties, including open-source software and code such as H5, which we use without charge. The terms of many open-source licenses that we are subject to have not been interpreted by courts, and there is a risk that these licenses could be construed to impose unanticipated conditions or restrictions on our ability to provide our services and solutions. In addition, the terms of open-source software licenses may require us to provide software that we develop to others on unfavorable license terms. In addition, we could be required to seek licenses from third parties in order to continue offering our services and solutions, and these licenses may not be available on terms acceptable to us, or at all. Alternatively, we may need to re-engineer our services and solutions or discontinue using certain functionalities of our services and solutions. Our inability to use

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third-party software could result in disruptions to our business or delays in developing future offerings or enhancements of our existing services and solutions, which could materially and adversely affect our business and results of operations.

Our sales cycle can be lengthy and unpredictable and requires considerable time and expense when we seek to serve large customers, and we may encounter configuration, integration, implementation, and customer support challenges that could cause delays in revenue recognition.

We derive a sizeable portion of our revenues from sales of our services and solutions to large customers. Many of our prospective large customers spend significant time evaluating our services and solutions before they purchase from us. Similarly, we typically spend more time and effort determining the requirements of our large customers and educating these customers about the benefits and uses of our solutions. Large customers also tend to demand more customizations, integrations, and additional features than their smaller counterparts. As a result, we may divert more sales and research and development resources to large customers and subsequently have less personnel and resources available to support other customers, or we may need to hire additional personnel, which would increase our operating expenses. It is often difficult for us to forecast when a potential sale will close, the size of the customer's initial order, and the period over which the development and/or delivery will occur, any of which may impact the amount of revenue we recognize or the timing of revenue recognition. Large customers may delay their purchases as they assess their budget constraints, negotiate early contract terminations with their existing providers, or wait for us to develop new features. Any delay in closing, or failure to close, a large sale in a particular period or year could significantly affect our financial performance and cause the number of new sales we book to vary significantly from period to period. We also may have to delay revenue recognition on some of these sales until the customers' technical or implementation requirements have been met.

In addition, we have experienced, and may continue to experience, challenges in configuring, integrating, and implementing our services and solutions and providing ongoing support when serving large customers. Large customers' networks and operational systems are often more complex than those of smaller customers, and the configuration, integration, and implementation of our solutions for these customers generally require more efforts as well as participation from the customers' IT team. There can be no assurance that our customers will make available to us the necessary personnel and other resources for a successful configuration. The lack of support from the customers' end may prevent us from achieving proper configurations, which can in turn adversely impact the quality of solutions that we deliver, and/or may result in delays in the implementation of our solutions. This may create a public perception that we are unable to deliver high-quality solutions to our customers, which could harm our reputation and make it more difficult to attract new customers and retain existing customers. Moreover, large customers tend to require higher levels of customer support and individual attention, including periodic business reviews and training sessions, which may increase our costs. If a customer is unsatisfied with our services and solutions and our customer support, we may decide to incur costs beyond the scope of our contract with the customer in order to address the situation and protect our reputation, which may in turn reduce

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or eliminate the profits we are able to gain from the customer. In addition, negative publicity related to our customer relationships, regardless of its accuracy, could harm our reputation and make it more difficult for us to compete for new business with current and prospective customers. If we fail to effectively execute the sale, configuration, integration, implementation, and ongoing support of our solutions to large customers, our results of operations and overall ability to grow our customer base could be materially and adversely affected.

We may not be able to detect or prevent fraud, other misconduct, or any arrangements related to our services unknown to or unauthorized by us that are committed by third parties or our employees, which may have a negative impact on our reputation and business.

Fraud, other misconduct, or any arrangements unknown to or unauthorized by us by third parties or our employees, such as unauthorized business transactions or arrangements, bribery, improper or illegal use of our services or solutions, disputes arising from third parties' arrangement related to our services unknown to or unauthorized by us, and unauthorized access to or leakage of data, may be difficult to detect or prevent. For example, we cannot rule out the possibility that our customers may misuse our services and solutions for improper or illegal ends. These types of incidents could subject us to financial loss, legal, regulatory proceedings and disputes while seriously damaging our reputation. They may also impair our ability to effectively attract prospective suppliers or customers, develop customer loyalty, obtain financing on favorable terms, and conduct other business activities. We may face risks with respect to fictitious or other fraudulent activities. There can be no assurance that the measures we have implemented to detect and reduce the occurrence of fraudulent activities would be effective in combating fraudulent transactions or improving overall satisfaction among our customers.

Our risk management systems, information technology systems, and internal control procedures are designed to monitor our operations and overall compliance. However, we may be unable to identify non-compliance or suspicious transactions promptly, or at all. Furthermore, it is not always possible to detect and prevent fraud, other misconduct, or any arrangements unknown to or unauthorized by us committed by our employees, platform participants, customers or other third parties, and the precautions we take to prevent and detect such activities may not be effective. Therefore, we are subject to the risk that fraud, other misconduct, or any arrangements unknown to us may have occurred but gone undetected or may occur in the future. This may materially and adversely affect our business and reputation.

Our risk management and internal control systems may not be adequate or effective in all respects, which may materially and adversely affect our business, results of operations, and financial condition.

We have developed risk management and internal control systems for our business to minimize actual or potential operational risks. There can be no assurance that our risk management and internal control systems will be able to identify, prevent, and manage all risks that arise in our operations in a timely manner, and that the preventive actions we take to

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prevent and address actual or potential risks may not always be effective. In addition, the effectiveness of our risk management and internal controls systems depends upon the personnel who use and implement those management systems. We cannot ensure that those implementations will not involve any human errors or mistakes that could in turn adversely affect our operations. Accordingly, if we fail to implement effective risk management and internal control systems in a timely manner or our preventive measures are not effective, our business, results of operations, and financial condition may be adversely affected.

Unauthorized access to our data or the data of our customers or suppliers could harm our reputation and have a negative impact on our business and prospects.

Our service offerings and IT systems may be vulnerable to security breaches by hackers, employee errors, and malfeasance. Such breaches could result in unauthorized access to, or denial of authorized access to, our IT systems, our customers' and suppliers' data, or our data.

The techniques used to breach IT systems are constantly evolving and growing more complex over time. As a result, we may be unable to anticipate or implement adequate measures to prevent future breaches. The detection, prevention, and remediation of known or potential security vulnerabilities may result in additional costs and materially and adversely affect our business, financial condition, and results of operations.

Moreover, we do not control our customers, suppliers, or their partners' IT or compliance systems and cannot guarantee that they have sufficient measures in place to safeguard data privacy and security. Malicious third parties may also conduct attacks designed to deny customers access to our services. A security breach could result in a loss of confidence in the security of our services and solutions or us, materially and adversely affecting our business, financial condition, and prospects. We also cannot guarantee that our customers and their end users would not misuse the data they process using our services and solutions, and that such misuse would not adversely affect our business and reputation.

Any future force majeure events, natural disasters, acts of war or terrorism, the outbreak of any contagious disease, including COVID-19, or the occurrence of other incidents that are beyond our control may adversely affect our business, results of operations, and financial condition.

Any future occurrence of force majeure events, natural disasters or outbreaks of pandemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, H1N1 influenza, and the recent COVID-19 pandemic may materially and adversely affect our business, financial condition, and results of operations. In particular, the COVID-19 pandemic has impacted, and could adversely impact, our operations and financial performance. Our customers may still need time to recover from the economic effects of the pandemic. Consequently, the COVID-19 pandemic may continue to adversely affect our business, financial condition, and results of operations in the current and future years.

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In addition, China has experienced natural disasters such as earthquakes, floods and droughts during the Track Record Period. Any future occurrence of natural disasters or pandemics in China may severely impact the economy in the regions affected, seriously disrupt our operations or those of our customers, and therefore materially and adversely affect our business, financial condition, and results of operations.

RISKS RELATING TO OUR FINANCIAL PERFORMANCE

We recorded negative cash flows from operating activities during the Track Record Period and had minimal cash and cash equivalents for the year ended December 31, 2024, which could expose us to liquidity risks.

We recorded net cash used in operating activities of approximately RMB116.6 million, RMB56.2 million, and RMB114.2 million for the years ended December 31, 2022, 2023, and 2024, respectively. For details, see “Financial Information — Liquidity and Capital Resources” in this prospectus. We also recorded minimal cash and cash equivalents of RMB7.3 million as of December 31, 2024.

Our operating cash outflow was primarily due to an increase in trade receivables, prolonged trade receivable turnover days, and increases in prepayments, other receivables, and other assets and increase in trade payables. A significant portion of our current assets consists of trade receivables. As of December 31, 2022, 2023, and 2024, our trade receivables, net of impairment, totaled RMB551.0 million, RMB608.6 million, and RMB880.9 million, accounting for 56.8%, 51.8%, and 60.4% of our total current assets respectively. The large amount of trade receivables may expose us to liquidity risks if we are unable to collect these payments. For details, please see “Risk Factors — Risks Relating to Our Financial Performance — We are subject to credit risks related to our trade receivables. If we fail to collect trade receivables from our customers in a timely manner, our business, results of operations, and financial condition may be materially and adversely affected.” of this Prospectus.

We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we record negative operating cash flows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity depends primarily on our ability to maintain adequate cash inflows from operating activities and secure sufficient external financing. Our ability to obtain external financing in the future and the cost of such financing are subject to our future results of operations, financial condition, cash flows, the condition of the financial market, the availability of financing, and other factors beyond our control.

If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we may need to scale back operations, and our business, financial condition, and results of operations may be materially and adversely affected. If we are unable to maintain adequate

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working capital, we may default on payment obligations, fail to meet capital expenditure requirements, or be unable to pursue growth strategies, which may have a material adverse effect on our business, financial condition, results of operations, and prospects.

We are subject to credit risks related to our trade receivables. If we fail to collect trade receivables from our customers in a timely manner, our business, results of operations, and financial condition may be materially and adversely affected.

We are exposed to credit risk from our customers with respect to trade receivables, and our liquidity depends on timely payments from these customers. Our trade receivables primarily represent outstanding amounts due from customers for our services and solutions. As of December 31, 2022, 2023, and 2024, our net trade receivables were approximately RMB588.7 million, RMB653.1 million, and RMB949.4 million, respectively. Additionally, our trade receivable turnover days have continued to increase. In 2022, 2023, and 2024, the turnover days for our trade receivables were 230.7 days, 247.5 days, and 318.7 days, respectively. The increases in trade receivables and trade receivable turnover days were primarily due to our gradual business expansion, our rather weak bargaining power with our customers, the need for long reconciliation processes, and a slowing economy. For details, see “Financial Information — Trade receivables”. Please also refer to Note 34 to the Accountants’ Report set out in Appendix I of this prospectus for details of our credit risk and liquidity risk.

There is no assurance that all trade receivables due to us will be settled on time. Accordingly, we face credit risk in collecting trade receivables due from our customers. Our performance, liquidity, and profitability will be adversely affected if significant amounts due to the Company are not settled on time. Deterioration in the credit condition of any key customers may also materially and adversely affect our business.

We typically conduct credit assessments of customers before entering into service agreements. However, we cannot assure you that we will be able to accurately assess the creditworthiness of each customer or that customers will adhere to the payment schedules outlined in agreements. We recorded allowance for impairment of trade receivables of RMB37.7 million, RMB44.5 million, and RMB68.4 million as of December 31, 2022, 2023, and 2024, respectively. Any inability of customers to pay us in a timely manner may adversely affect our liquidity and cash flows, which, in turn, has a materially adverse effect on our business operations and financial condition. If our customers fail to pay us under the terms of our agreements, fail to comply with the terms of our agreements, or terminate their subscriptions for our solutions, we may lose revenue, be unable to collect amounts due to us, and we may need to initiate legal or regulatory action and incur extra costs in enforcing settlement of payments and other contract terms.

We are subject to credit risks related to prepayments, other receivables and other assets.

Our prepayments, other receivables, and other assets, net of impairment, amounted to RMB366.1 million, RMB477.0 million, and RMB570.0 million as of December 31, 2022, 2023, and 2024, respectively. These primarily consist of prepayments to suppliers, VAT

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prepayments made in connection with increased business activities, bidding deposits, rent deposits, and deposits made to suppliers in connection with the supply of telecommunications resources. The prepayments, other receivables, and other assets may likely increase in the future as our business continues to expand. If our business continues to expand in the future, we may be required to provide additional prepayments and deposits to suppliers, which could strain our liquidity.

We experienced customer and supplier concentration during the Track Record Period and may continue to be exposed to the risk of such concentration in the future.

In 2022, 2023, and 2024, our top five suppliers and top five customers included technology companies, internet companies, and telecommunications operators. Our revenue generated from our top five customers in each year during the Track Record Period combined accounted for approximately 41.8%, 36.7%, and 35.3% of our total revenue in 2022, 2023 and 2024, respectively. Our purchases from our top five suppliers in each year during the Track Record Period combined accounted for 38.1%, 50.4%, and 57.4% of our total cost of sales in 2022, 2023 and 2024, respectively. There is no guarantee that we will be able to maintain our business relationship with our existing customers and suppliers or secure new contracts from them in the future. If we are unable to secure contracts of comparable contract value and quantity from new customers, or obtain sufficient new business from existing customers in a timely manner or at all, our business, results of operations, and financial condition would be materially and adversely affected. In addition, should any of our major customers delay or default in making payments to us, our cash flow and financial position would be adversely affected. Meanwhile, any significant increase in the prices charged by our suppliers will increase our costs and may adversely affect our results of operations if we are not able to pass on the increased costs to our customers in a timely manner or at all. The prices charged by our suppliers may be affected by factors beyond our control, such as inflation, regulatory developments, and economic cycles. We cannot assure you that we will not experience any of the above factors in the future.

If we fail to collect trade receivables from our customers in a timely manner, our business, results of operations, and financial condition may be materially and adversely affected.

We recorded allowance for impairment of trade receivables of RMB37.7 million, RMB44.5 million, and RMB68.4 million as of December 31, 2022, 2023, and 2024, respectively. If any of our customers' cash flow, working capital, financial condition, or results of operations deteriorates, it may become unable or unwilling to settle its trade receivables with us promptly or at all. Alternatively, a customer may deliberately delay or refuse to settle its trade receivables with us. Our trade receivable turnover days are relatively long. See “— We have experienced, and in the future may continue to experience, net operating cash outflows and an increase in trade receivables turnover days and prepayments, other receivables and other assets, which could expose us to liquidity risks.” Any delay or failure in our collection of trade receivables may adversely affect our liquidity and cash flows, which in turn may have a material adverse effect on our business, results of operations and financial condition. In addition, as our business continues to scale up, our trade receivables may continue to grow, which may increase our credit risk exposure.

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Our business is subject to seasonality.

Our cloud-based communications services, namely our CPaaS and Contact Center SaaS services, are subject to seasonal fluctuations and generally experience an increase in customer demand during the second half of the year, particularly in the fourth quarter. Our revenue from CPaaS and Contact Center SaaS generally increases in the second half of the year due to increased service demands around holidays and online shopping festivals that occur in the latter half of the year. For instance, we generally see increases in service demands for promotional messages around online shopping festivals such as November 11, or “Double Eleven” (雙十一), and December 12, or “Double Twelve” (雙十二). We also generally see increases in service demands for holiday greeting messages around Mid-Autumn Festival, National Day, and New Year’s Eve. As a result, our business typically experience seasonal fluctuations. Hence, comparing our results of operations on a quarter-by-quarter basis may not be meaningful.

Any change in or discontinuation of preferential tax treatments currently available to us could adversely affect our business, financial condition, and results of operations.

During the Track Record Period, some of our operating subsidiaries in China were subject to preferential tax treatments. Our Company and our subsidiaries Jishihui, Zhongmai Communications, and Yunxun Science and Technology, were recognized as high-technology enterprises and benefited from a preferential tax rate of 15% during the Track Record Period, respectively. Some of our subsidiaries were eligible for a preferential tax rate for Small Profit Enterprises. However, there is no guarantee that we can receive the same or similar preferential tax treatments, or at all, in the future if other income tax laws and regulations or other regulatory measures come into effect. If we no longer receive the same or similar tax treatments, our financial condition may be adversely affected.

We may require additional capital to support our business or to respond to business opportunities, challenges, or unforeseen circumstances, and this capital might not be available on favorable terms, or at all.

We intend to continue to make investments to support our business and may require additional funds. In particular, we may seek additional funds to further the research and development of services and solutions, expand our sales channels, and making investments and forming joint ventures with Southeast Asian companies in similar businesses as a part of our future plan to expand overseas. For details, see “Future Plans and Use of Proceeds — Use of Proceeds” and “— If we cannot continue to innovate or effectively respond to the rapidly evolving technology, market demands, industry dynamics, and other risks and uncertainties, our business, results of operations, and prospects would be materially and adversely affected.” If we raise additional funds through future issuances of equity or convertible debt securities, our stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We may

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not be able to obtain additional financing on terms favorable to us, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, improve our infrastructure, upgrade our products, and respond to business challenges could be significantly impaired, and our business, results of operations and financial condition may be adversely affected.

Our strategic acquisitions and investments in China and any overseas markets where we may have limited or no experience may fail. Such failure may have material and adverse effect on our business, results of operations, and financial condition.

We have made strategic acquisition and investments in the past. For instance, we acquired Huali Daxing in May 2018 with a view to quickly launch our call operation center business. We may look for opportunities for further strategic acquisitions and investments in the future to expand and strengthen our services and solutions coverage and sustain our business growth. We also plan to expand our business into Southeast Asia. Such expansion may be by way of acquiring suitable targets. We may not be able to find suitable target in a timely manner or on terms which are favorable to us, or at all. Our selection of targets may also be affected by our lack of experience in the relevant regions. Our acquisitions and investment strategies rely heavily on our ability to identify suitable targets, our ability to reach agreements with them on commercially reasonable terms within a desirable timeframe, the availability of financing to complete acquisitions or investments, as well as our ability to obtain any necessary Shareholders' or regulatory approvals. However, such strategic acquisitions and investments may subject us to certain inherent uncertainties and risks, including high acquisition and financing costs, actual or potential financial obligations and unforeseen or hidden liabilities, failure to achieve our intended goals, benefits or business growth, uncertainty of entering into markets in which we have limited or minimal knowledge and experience and competitors have stronger market positions, costs associated with and difficulties in integrating acquired business and managing a larger business, and diversion of our financial or human resources as well as management attention. Even if we are able to successfully acquire or invest in suitable businesses, there is no assurance that we will achieve expected or forecasted returns from such acquisitions or investments. If we fail to identify or acquire suitable targets, address the inherent uncertainties and risks associated with our strategic acquisitions and investments or achieve expected returns on such acquisitions and investments in the future, our business, results of operations, financial condition, and prospect may be materially and adversely affected.

We are also exposed to risks during acquisition process, such as successor liability relating to the actions by our target and its management before, during, and after the acquisition. We cannot assure you that the due diligence in connection with the target we conducted throughout the acquisition process is sufficient to cover all liabilities, both known and unknown, and any contractual guarantees or indemnities that we receive from the sellers of the target and/or their shareholders may not be sufficient to protect us from, or compensate us for, actual liabilities in full amount. Any material liability associated with the target may result in reputational harm and reduction in the benefits of such acquisition or investment.

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Moreover, if the target, together with its management team or key employees, failed to perform as expected, we may suffer financial losses from such acquisition or investment, which in turn adversely affect our business, results of operations and financial conditions.

As we plan to expand our business in Southeast Asia, we will be increasingly susceptible to the risks associated with Southeast Asian markets expansion. Entering new markets in Southeast Asia presents challenges, including, among others, potential changes in government and regulatory policies and exposure to foreign exchange rates.

Southeast Asian markets have varied and evolving government and regulatory policies, requiring us to adapt our operations to comply with the relevant policies. Non-compliance with the government and regulatory policies due to changes in government and regulatory policies may subject us to financial penalties and liabilities, reputation damages, and customer losses, while continuous compliance efforts due to evolving regulatory policies may incur substantial costs. There can be no assurance that we will successfully manage these regulatory complexities, which may materially and adversely affect our business and financial condition in these Southeast Asian markets.

Additionally, by expanding into the Southeast Asian market, our expansion will be exposed to foreign exchange risk. Fluctuations in exchange rates in Southeast Asia may increase the volatility of our foreign-based revenue, expenses, and cash flow, and may affect our profit margins, earnings, and financial position, which may result in a material adverse effect on our business, financial condition, and results of operations in the relevant Southeast Asian market.

If we are unable to successfully deal with the challenges and risks related to our overseas expansion, especially potential expansion into any overseas markets where we may have limited or no experience, our business, financial condition, and results of operations could be adversely affected.

We face risks in managing our global operations and risks associated with expanding into the Southeast Asia market in which we have limited or no experience and in which our Company may be less well known. If we fail to attract sufficient customers, fail to anticipate competitive conditions, or fail to deploy, manage, or oversee our operations successfully in the new market, our business and financial results could be materially and adversely affected. In addition, our success in expanding our business and providing services in the Southeast Asia market, and competing in the Southeast Asia market is subject to our ability to manage various risks and difficulties, including, but not limited to, difficulties in gaining an in-depth understanding of local market and culture, increased risks of fraud, legal and compliance risks, difficulties in adapting to possible sanctions or other heightened regulatory requirements, challenges and increased expenses associated with staffing and managing international operations and managing an organization spread over different jurisdictions, challenges in replicating or adapting our policies and procedures to operate in the new market, challenges in providing sufficient technical support in overseas markets, and difficulties in establishing cooperative relationships with international partners. As we expand further into new regions

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and markets, these risks could intensify. If one or more of these factors were to materialize, it could adversely impact our international operations, and our efforts to expand our operations internationally may not be successful.

RISKS RELATING TO OUR LEGAL AND REGULATORY REQUIREMENTS

Our operations may be materially and adversely affected if we fail to obtain, maintain, and update licenses, approvals, qualifications, and certifications that are material to our operations.

Future laws and regulations will impose additional requirements to the Group. We provide value-added telecommunications services under the Telecom Business Classification Catalog (電信業務分類目錄). The telecommunications industry in which we operate is highly regulated. Our business operations in China are regulated by a number of PRC authorities including but not limited to the MIIT and CAC, which jointly and severally regulate major aspects of our industry in China. We are also required to obtain and maintain the requisite licenses and approvals required in other jurisdictions where we have business operations.

We have obtained all the licenses and approvals from competent governmental authorities in all material aspects that are essential to our operations. However, we cannot assure you that we can successfully renew current licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our current or future business. As the interpretation and implementation of existing and future legislations, regulations, and policies governing our business activities are evolving, we cannot assure you that we will not be found in violation of any future legislations, regulations, and policies nor any of the legislations, regulations, and policies in effect. If we fail to obtain, renew, or maintain any of the requisite licenses or approvals or make necessary and appropriate filings where we have business operations, we may be subject to various penalties, including fines, discontinuation or restriction of our business operations. Any such penalties may damage our reputation, disrupt our business operations, and even terminate our business operations. As such, our business, results of operations, financial condition, and prospects could be materially and adversely affected. For further details on the requisite licenses and approvals for our business operations, see the section headed “Regulatory Overview” in this prospectus.

For example, our revenue from messaging service may be impacted in 2025 due to the MIIT’s requirement on SMS content providers to complete a series of rectification including real-name registration, causing a temporary decrease of demand for the Group’s messaging products and services. According to the Notice on Issuing the Supporting Implementation Rules (Trial) for the Operation and Access Management of Port-Type Short Message Services (《關於印發〈端口類短信息服務經營行為及接入管理配套實施細則(試行)〉的通知》) promulgated by MIIT on 26 September 2023, all SMS messages must comply with filing and management requirements, including real-name registration. According to F&S, such trial practices were not widely adopted in the industry until March to April 2025. Before the Company’s downstream customers, who are messaging content providers, complete rectification, their ability to use our messaging services to deliver messages will be limited, and thereby the number of SMS messages that can be sent will be restricted by telecom service

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operators by virtue of the MIIT requirement. Due to the time required for the review and rectification process, the volume of SMS messages sent through the Company's CPaaS platform has temporarily decreased in order to satisfy the newly promulgated MIIT requirement.

During the Track Record Period, for the year ended December 31, 2022, 2023 and 2024, our messaging service of our CPaaS segment contributed our revenue for RMB396 million, RMB562 million and RMB590 million respectively. There is no guarantee that the Group's revenue from its messaging business will rebound in the future notwithstanding that the SMS content providers completed their rectification process.

Unauthorized use or other violation of our intellectual property rights by our customers, employees and/or third parties may harm our brand and reputation. The expenses incurred in protecting our intellectual property rights may materially and adversely affect our business. We may also be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business operations.

We rely on a combination of patent, trademark and copyright laws, core technologies and trade secrets protection, restrictions on disclosure, and other agreements that restrict the use of our intellectual property to protect our intellectual property rights.

The intellectual property rights we have obtained may not be sufficient to provide us with a competitive advantage, and could be challenged, invalidated, infringed upon, or misappropriated. We cannot assure you that any of our intellectual property registration applications will ultimately proceed to registration or will result in registrations with adequate scope for our business, or at all, or that any of our intellectual properties or pending applications or registrations would not be challenged by third parties or found by competent authority to be invalid or unenforceable. If our applications are not successful, we may have to use different intellectual property rights for affected technologies or services and solutions, or seek to enter into arrangements with any third party who may have prior registrations, applications or rights, which might not be available on commercially reasonable terms. Third parties may also file applications to register intellectual property that is the same as or similar to that we are applying for. If our intellectual property applications are rejected by the relevant regulatory authority, we may be prohibited from using the relevant intellectual property, which may have an adverse effect on our business and operations.

The steps we have further taken to protect our intellectual property, such as entering into confidentiality agreements with our employees and non-compete agreements with our core R&D employees and entering into agreements with confidentiality clauses with our business partners, may not be adequate to prevent the infringement or misappropriation of our proprietary technology, know-how or other intellectual property. There can be no assurance that our intellectual property would not be leaked due to illegal competition or other reasons. Infringement, misappropriation, or challenges of our intellectual property rights, unauthorized use or disclosure of our trade secrets and other intellectual property, significant impairments to our intellectual property rights and limitations on our ability to assert our intellectual

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property rights against others, may result in a material and adverse effect on our business. Third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties. Further, others may engage in conduct that constitutes unfair competition, defamation, or other violations of our rights, which could harm our business, reputation, and competitive position. If there arises the need to use litigation to enforce our intellectual property rights, such litigation could result in substantial costs and diversion of our resources and have a material adverse effect on our business, results of operations and financial condition. Any settlement or adverse determination in such litigation would also subject us to significant liability.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights, trademarks, or other intellectual property rights held by third parties. We may be subject to penalties, legal proceedings; and claims relating to the intellectual property rights of others in the future. Allegations that we have infringed the intellectual property rights of third parties may harm our brand and reputation, even if they do not result in liability. For details, see “Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group”.

Litigation may be necessary in the future to enforce our intellectual property rights, to determine the validity and scope of our proprietary rights or the rights of others, or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of managerial time and resources and could have a material adverse effect on our business, results of operations and financial condition. Any settlement or adverse determination in such litigation would also subject us to significant liability. We cannot assure you that any of our intellectual property applications will ultimately proceed to registration or will result in registration with adequate scope for our business, or that any of our intellectual properties or pending applications or registrations would not be challenged by third parties or found by competent authority to be invalid or unenforceable. Third parties may also file applications to register intellectual properties that are the same as or similar to those we are applying. If our intellectual property applications are rejected by the relevant regulatory authority, we may be prohibited from using the relevant intellectual property, which may have an adverse effect on our business and operations.

Any litigation, legal and contractual disputes, claims, or administrative proceedings against us could be costly and time-consuming to defend or settle and could result in negative publicity.

Our business is subject to the risk of disputes, claims or legal proceedings brought by customers, suppliers, employees, government agencies and others in the forms of private actions, administrative proceedings, regulatory actions, or other litigation. The outcome of such proceedings can be difficult to assess or quantify. Claimants in such proceedings may seek recovery of large or indeterminate amounts, and the magnitude of potential losses relating to such disputes may remain unknown for a substantial period of time. The cost of defending future disputes or proceedings may be significant and could negatively affect our results of

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operations if changes to our business operations are required. There could also be negative publicity associated with such disputes or proceedings, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, any significant disputes or proceedings could adversely affect our business, results of operations, financial condition or reputation.

Our failure to comply with existing or future laws and regulations related to data security, data protection, cybersecurity, or personal information protection could lead to suspension of our business operations, liabilities, administrative penalties, or other regulatory actions, which could negatively affect our business and results of operations.

Similar to many other jurisdictions, the PRC government has in recent years tightened the regulation of data collection, storage, sharing, use, disclosure, and protection. To address concerns regarding misuse of data, the PRC government has enacted a series of laws to safeguard data privacy and security, including without limitation the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), the PRC Data Security Law (《中華人民共和國數據安全法》), the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), Cybersecurity Review Measures (《網絡安全審查辦法》), and the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》). These PRC laws and regulations require internet service providers and other telecommunications operators, among other things, to clearly state the authorized purpose, methods and scope of the collection and usage of data and obtain the consent of users for the processing of this data, and to establish user information protection systems with remedial measures. In addition, we are also subject to PRC industrial related regulations, such as the ones issued by MIIT.

Cybersecurity Review Measures stipulates that critical information infrastructure operators (the “CIIOs”) (關鍵信息基礎設施運營者) who purchase network products and services that affect or may affect national security, as well as internet platform operators conducting data processing activities that affect or may affect national security, shall be subject to a cybersecurity review. Internet platform operators who hold more than one million users’ personal information must also apply for a cybersecurity review before seeking a listing abroad (赴國外上市).

Uncertainties remain with respect to the regulatory regime, and there is no assurance that we will always be deemed to fully comply with the requirements of the Cybersecurity Review Measures or other similar legal and regulatory developments. In such cases, we may be ordered to rectify or terminate our activities that are deemed illegal by regulatory authorities.

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Pursuant to the Provisions on Promoting and Regulating Cross-Border Data Flow (《促進和規範數據跨境流動規定》) which were promulgated by the CAC and came into effect on March 22, 2024, to provide data abroad, a data processor falling under any of the following circumstances shall, through the local cyberspace administration at the provincial level, apply to the CAC for security assessment of outbound data: (i) where a CIIO provides personal information or important data abroad; (ii) where a data processor other than the CIIOs provides important data abroad or personal information of 1,000,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the current year. As of the Latest Practicable Date, we had not been involved in any cross-border data transfer during our daily operations. However, in the event that the regulatory authorities deem certain of our activities as a cross-border data transfer, we will be subject to the relevant requirements. Such failure to report or any material legal impediments during the process of reporting security assessments for cross-border data transfers for us may materially and adversely impact on our business operation or the Global Offering.

Compliance with applicable personal information and data security laws and regulations is a rigorous and time-intensive process. As data protection laws and regulations increase in number and complexity, we cannot assure you that our data protection systems will be considered sufficient under all applicable laws and regulations. Furthermore, we cannot assure you that the information we process for our customers and the information we receive from our suppliers are obtained and transmitted to us in full compliance with relevant laws and regulations by our customers and suppliers. In addition, we cannot assure you that we are able to comply with all applicable industrial related regulations. Moreover, there could be new laws, regulations or industry standards that require us to acquire additional licenses, change our business practices and privacy policies, and we may also be required to put in place additional mechanisms ensuring compliance with new data protection laws, all of which may increase our costs and materially harm our business, prospects, financial condition, and results of operations. Any failure or perceived failure by us to comply with applicable laws and regulations or acquire additional licenses could result in the suspension of our business operations, monetary damage, or proceedings or actions against us by governmental entities, individuals, or others. Our reputation could also be adversely affected by actions taken by the PRC government in response to data security and privacy threats. Future government actions and unfavorable restrictions, whether targeted at us or imposed on all companies that offer data-related services and solutions, may materially and adversely affect our business, financial conditions, results of operations, and prospects.

Failure to comply with the labor and social insurance-related laws and regulations may adversely affect our business, financial condition, and results of operations.

The PRC government has issued various labor-related regulations to further protect the rights of employees. Companies operating in China are required to complete related registration with the competent authorities and contribute to the government-sponsored employee benefits plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government

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from time to time at locations where our employees are based. We provide social security insurance as required by relevant rules and regulation in China, including general care and work-related injury insurance, for our employees.

During the Track Record Period, we did not pay social insurance and housing provident fund in full for certain of our employees, primarily due to (i) inadvertent oversight of the relevant requirements of applicable PRC laws and regulations, which may vary from region to region across China, and (ii) some of our employees were not willing to bear the costs associated with social insurance and housing provident funds. As a result, we may be required by competent authorities to pay the outstanding amount and may be subject to additional late payment fees. We estimate that during the Track Record Period, the shortfall in the aggregate amount of contributions made by our Group to our employees' social insurance was approximately RMB19.3 million, and the shortfall in the aggregate amount of unpaid housing provident fund was approximately RMB2.9 million. In respect of the legal consequences and the potential penalties for the failure to make full contributions to social insurance and housing provident fund, under PRC laws and regulations, the relevant competent authorities may (i) order us to pay the outstanding social insurance contributions within a certain period of time and impose an overdue fee amounting to 0.05% of the outstanding amount per day, failing to comply with which the relevant competent authorities may further impose a fine amounting to no less than one time but less than three times the outstanding amount; and (ii) order us to pay the outstanding housing provident fund contributions within a certain period of time. Failure to comply with which the relevant competent authorities may apply for people's court for enforcement. For details, see "Business — Employees". We cannot guarantee you that the competent government authorities will not require us to settle the outstanding amount within a specified time limit or impose late payment penalties on us. Such actions may have a material and adverse impact on our financial position and results of operations.

Our insurance coverage may not be sufficient to cover all the losses associated with our business operations.

We face various risks in connection with our business and as of the Latest Practicable Date, we maintained insurance policies for our vehicles at the corporate level. For details, see "Business — Insurance". We cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition, and results of operations could be materially and adversely affected.

We may be subject to risks relating to our failure to complete lease registration and filing for our leased properties.

As of the Latest Practicable Date, we leased several properties as business registration addresses and offices. Pursuant to the applicable PRC laws and regulations, property lease agreements should be registered and filed with the relevant local construction (real estate)

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demonstrative department in China. As of the Latest Practicable Date, lease registration and filing was not completed with the relevant authorities for 36 of our lease agreements of properties which were in use as offices and business registration addresses. The relevant government authorities may order us to complete the lease registration and filing for such lease agreements within a prescribed period, failing which we may be subject to a fine from RMB1,000 to RMB10,000 for each non-registered lease. We cannot assure you that we will be able to complete the lease registration and filing on a timely basis or at all in such cases, and we may be subject to penalties arising from the failure to complete the lease registration filing of lease agreements and any disputes arising from our leased properties in the future. See “Business — Properties” for further details.

We may face challenges by third parties with respect to property ownership, which may expose us to potential financial loss and negatively affect our ability to use the properties that we lease.

As of the Latest Practicable Date, for 20 of our leased properties, we have not been provided by the lessors with valid title certificates, purchase agreements, construction permits issued by competent authorities, or other documents proving ownership rights of the relevant leased properties. Furthermore, for five of our leased properties, no signed written lease agreements still within the lease term have been provided. As advised by our PRC Legal Advisor, if our rights with respect to any of such properties were successfully challenged by a third party, or the relevant lease agreement was deemed invalid by the competent authorities, or the leased property which has not obtained the necessary construction approval from the competent authorities, may be ordered to be demolished by the competent authorities, we may be forced to relocate our operations on the affected properties. If this occurs, we may have to renegotiate the leases with the owners or other relevant parties who have the right to lease the properties, or find other legally leasable properties as replacements. The terms of the new leases and conditions of the replacement sites may be less favourable to us. Moreover, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We cannot guarantee that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or that we will not be subject to liability resulting from third parties’ challenges to our use of such properties.

We are subject to risks relating to Third-Party Payment Arrangements.

Our customers paid for our services through their affiliated entities, designated treasury centers or paying governmental entities, their authorized payors, individual affiliates, an independent third parties and AliPay and WeChat Pay during the Track Record Period. In 2022, 2023, and 2024, we estimated to the best of our knowledge that approximately 334, 384 and 316 customers used the Third-Party Payment Arrangements for settlement, respectively. The estimated revenue contribution associated with Third-Party Payment Arrangements amounted to approximately RMB28.6 million, RMB8.6 million and RMB19.6 million, for the years ended December 31, 2022, 2023 and 2024 respectively, representing 3.5%, 0.9% and 2.13% of our total revenue in each period, respectively. For details, see “Business — Legal Proceedings

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and Compliance — Third-Party Payment Arrangements”. We cannot guarantee that in the future, we will not be subject to potential disputes, claims or liabilities in relation thereto, which may adversely affect our reputation and business.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and noncompliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition, and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct our business or sell our services and solutions, including the PRC anti-corruption laws and regulations. The PRC anticorruption laws and regulations prohibit bribery to government agencies, state- or government-owned or controlled enterprises or entities, to government officials or officials that work for state or government owned enterprises or entities, as well as bribery to non-government entities or individuals. As we plan to expand in the Southeast Asia, we may be also subject to anti-corruption laws in other jurisdictions, such as the U.S. Foreign Corrupt Practices Act, and other anti-corruption laws and regulations. Any violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation.

We have direct or indirect interactions with officials and employees of China’s government agencies and SOEs in our ordinary course of business. These interactions subject us to an increased level of compliance-related concerns. We have implemented policies and procedures designed to ensure compliance by us and our directors, officers, employees, representatives, consultants, agents, and business partners with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations. However, our policies and procedures may not be sufficient, and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures, and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition, and reputation.

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RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares and there can be no assurance that an active market will develop or be sustained after the Global Offering. You may not be able to resell our H Shares at or above the price you pay, or at all. Market price of our Shares on the NEEQ may not be indicative of our H Shares.

Prior to this Global Offering, there was no public market for our H Shares. There can be no guarantee that an active trading market for our H Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between us and the Overall Coordinators (for themselves and on behalf of the Underwriters), and may differ significantly from the market price of our H Shares following the Global Offering.

The price and trading volume of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our financial position and/or results of operations, changes in our pricing policy, the addition or departure of key personnel, changes in profit forecast or recommendations by financial analysts, and announcements made by us or our competitors, could cause large and sudden changes to the volume and price at which our H Shares will trade.

In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility that is not related to the operating performance of any particular company. These broad market fluctuations may materially and adversely affect the price of our H Shares.

Our Shares are currently listed on the NEEQ. The historic and future market price of Shares on the NEEQ may not be indicative of the performance of our H Shares after the Global Offering due to different characteristics of the PRC capital markets and the Hong Kong capital market.

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in the pro forma consolidated net tangible asset value. There can be no assurance that if we were to liquidate immediately after the Global Offering, any assets would be distributed to Shareholders after settling the creditors' claims. To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price lower than the net tangible asset value per Share at that time.

RISK FACTORS

The liquidity and market price of our H Shares may be volatile, which may result in substantial losses for investors subscribing for or purchasing our H Shares pursuant to the Global Offering.

The price and trading volume of our H Shares may be volatile. The market price of our Shares may fluctuate materially and rapidly as a result of the following factors, among others, some of which are beyond our control:

- variations in our financial condition and/or results of operations;
- unexpected business interruptions resulting from, including but not limited to, natural disasters or power shortages;
- our inability to compete effectively in the market;
- major changes in our key personnel or senior management;
- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic alliances or acquisitions;
- changes in laws and regulations in China;
- changes in securities analysts' estimates of our financial condition and/or results of operations, regardless of the accuracy of the information on which their estimates are based;
- changings in investors' perception of us and the investment environment generally;
- our inability to maintain regulatory approval for the operations of our business;
- fluctuations in stock market price and volume;
- announcement made by our competitors or us;
- changes in pricing adopted by our competitors;
- general economic, political and stock market conditions in Hong Kong, China and elsewhere in the world; and
- involvement in material litigation.

RISK FACTORS

In addition, the securities markets have from time-to-time experienced material price and volume fluctuations that are not related or disproportionate to the operating performance of particular companies. These developments include a general global economic downturn, substantial volatility in equity securities markets, and volatility and tightening of liquidity in credit markets. While it is difficult to predict how long these conditions will last, they could continue to present risks for an extended period, in interest expense on our bank borrowings, or reduction of the number of banking facilities currently available to us. If we experience such fluctuations, the results of operations and financial condition could be materially and adversely affected. Moreover, market fluctuations may also materially and adversely affect the market price of our H Shares.

Future sales or market perception of sales of a substantial number of our H Shares on the public market could adversely affect the trading price of our H Shares.

After the completion of the Global Offering, future sales of a substantial number of our H Shares or other securities relating to our H Shares on the public market, the issuance of new Shares or other securities relating to our H Shares, or the market perception that such sales or issuances may occur, could adversely affect the market price of our H Shares and our ability to raise future capital at a favorable time and price. We cannot predict the effect of any future sales or market perception of sales of a substantial number of our H Shares on the public market on the market price of our H Shares.

We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official governmental sources contained in this prospectus.

This prospectus, particularly the section headed Industry Overview, contains information and statistics relating to our industry. Such information and statistics have been derived from the F&S Report, which was commissioned by us, and from various official government publications and other publicly available publications. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. Information and statistics from official government sources have not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Overall Coordinators, the Capital Market Intermediaries, Joint Bookrunners, and Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering, and no representation is given as to their accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

RISK FACTORS

You should read the entire prospectus carefully and should not rely on any information contained in the press, media, or on the internet regarding us and the Global Offering.

There may be press, media, or internet coverage regarding us, the Global Offering, or other corporate activities, which may contain, among other things, certain financial information, projections, valuations, and other forward-looking information about us or the Global Offering or certain allegation against us. We have not authorized the disclosure of any such information in the press or media or on the internet and do not accept responsibility for the accuracy or completeness thereof. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

We cannot assure you whether and when we will declare and pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under the generally accepted accounting principles of the PRC or IFRSs (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions, and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when, and in what form we will pay dividends in the future.

Holders of our H Shares may be subject to PRC income tax on dividends from us or any gain realized on the transfer of our H Shares.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of China, which do not have an establishment or place of business in China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within China unless a treaty or similar arrangement provides otherwise. Under the Individual Income Tax Law of the People's

RISK FACTORS

Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not residents in China are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Although our business operations are in China, it is unclear whether dividends we pay with respect to our H Shares, or the gains realized from the transfer of our H Shares, would be treated as income derived from sources within China and as a result be subject to PRC income tax. If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident investors, the value of your investment in our H Shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Global Offering, our Company has applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. As of the Latest Practicable Date, none of our executive Directors resided in Hong Kong.

Pursuant to Rule 19A.15 of the Listing Rules, the requirement in Rule 8.12 may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

Since all of the business operations of our Group are managed and conducted outside of Hong Kong, and all of our executive Directors ordinarily reside outside Hong Kong, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, and does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, subject to the following conditions. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (i) **Authorized representatives:** we have appointed Mr. Piao and Ms. Au Wing Sze (“**Ms. Au**”) as the authorized representatives (the “**Authorized Representatives**”) for the purpose of Rule 3.05 of the Listing Rules. Our Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Accordingly, our Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. Our Company will also inform the Stock Exchange promptly in respect of any change in our Authorized Representatives. See section headed “Directors, Supervisors and Senior Management” for more information about our Authorized Representatives;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (ii) **Joint company secretaries:** In addition to the appointment of the Authorized Representatives, Ms. Au, one of our joint company secretaries and a Hong Kong resident, will, among other things, act as our Company's additional channel of communication with the Stock Exchange and be able to answer enquiries from the Stock Exchange. Ms. Au will maintain contact with our Directors, Supervisors and senior management through various means, including regular meetings and telephone discussions whenever necessary;
- (iii) **Directors:** to facilitate communication with the Stock Exchange, we have provided our Authorized Representatives and the Stock Exchange with the contact details (such as mobile phone numbers, office phone numbers, facsimile number and e-mail addresses, to the extent possible) of each of our Directors such that our Authorized Representatives would have the means for contacting all our Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. In the event that any Director expects to travel or otherwise be out of office, they will provide their phone number of the place of their accommodation to our Authorized Representatives. To the best of our knowledge and information, each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;
- (iv) **Compliance advisor:** we have appointed SPDB International Capital Limited as our compliance advisor (the "**Compliance Advisor**") upon Listing pursuant to Rules 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. Pursuant to Note to Rule 3A.23 of the Listing Rules, our Compliance Advisor will have access at all times to our Authorized Representatives, our Directors, our Supervisors and the other senior management and act as the additional channel of communication with the Stock Exchange and answer enquiries from the Stock Exchange. The contact details of our Compliance Advisor have been provided to the Stock Exchange. We will also inform the Stock Exchange promptly in respect of any change in our Compliance Advisor;
- (v) meetings between the Stock Exchange and our Directors could be arranged through our Authorized Representatives or our Compliance Advisor, or directly with our Directors within a reasonable time frame;
- (vi) we will also appoint professional advisors (including legal advisors and accountants) after the Listing, if necessary, to assist us in dealing with any questions or queries raised by our Company and to ensure that there will be efficient communication with the Stock Exchange; and
- (vii) the Compliance Advisor will also advise on the on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Listing.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint an individual as our company secretary, who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (i) a Member of The Hong Kong Chartered Governance Institute;
- (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and
- (iii) a certified public accountant (as defined in the Professional Accountants Ordinance).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules provides that, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (i) length of employment with the issuer and other issuers and the roles he/she played;
- (ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to be the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

We have appointed Ms. Hu Jun (“**Ms. Hu**”) as one of our joint company secretaries. She has extensive experience in corporate governance matters, information disclosure, investor relationship and secretarial affairs. She has a thorough understanding of the operations of the Board and our Company and has gained experience in handling corporate governance and general administrative matters relating to our Company. However, as she presently does not possess the qualifications required under Rules 3.28 and 8.17 of the Listing Rules, we have appointed Ms. Au as the other joint company secretary to assist Ms. Hu in discharging the duties of a company secretary. Ms. Au is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Au therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Our joint company secretaries will be jointly discharging the duties and responsibilities of a company secretary. Ms. Au will be assisting Ms. Hu in gaining the relevant experience required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Hu will also be assisted by (i) our Compliance Advisor for the first full financial year starting from the Listing Date, particularly in relation to Hong Kong corporate governance practice and compliance matters; and (ii) the Hong Kong legal advisor of our Company, on matters regarding our Company's ongoing compliance with the Listing Rules and the applicable Hong Kong laws and regulations. In addition, Ms. Hu will endeavor to attend relevant trainings and familiarize herself with the Listing Rules and duties required of a company secretary of an issuer listed on the Stock Exchange. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Hu may be appointed as a joint company secretary of our Company.

Pursuant to the Chapter 3.10 (Directors, Supervisors and Senior Management) of the Guide, the waiver will be for a fixed period of time not exceeding three years (the “**Waiver Period**”) and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial three-year period on the condition that Ms. Au, as a joint company secretary of our Company, will work closely with, and provide assistance to, Ms. Hu in the discharge of her duties as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. The waiver will be revoked immediately if Ms. Au ceases to provide assistance to Ms. Hu as the joint company secretary for the three-year period after Listing or there are material breaches of the Listing Rules by the Company.

Our Company will further ensure that Ms. Hu has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Prior to the end of the three-year period, the qualifications and experience of Ms. Hu and the need for on-going assistance of Ms. Au will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Ms. Hu, having benefited from the assistance of Ms. Au for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the “relevant experience” within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See “Directors, Supervisors and Senior Management” in this prospectus for further information regarding the qualifications of Ms. Hu and Ms. Au.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

ALLOCATION OF H SHARES TO EXISTING MINORITY SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

Rule 10.04 of the Listing Rules requires that a person who is an existing shareholder of a listing applicant may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a listing applicant either in his/her/its own name or through nominees if the conditions in Rule 10.03 of the Listing Rules are fulfilled, namely that (i) no securities are to be offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved. Paragraph 5(2) of Appendix F1 to the Listing Rules states that, without the prior written consent of the Stock Exchange, no allocations will be permitted to be made to directors or existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 are fulfilled.

Chapter 4.15 of the Guide provides that the Stock Exchange will consider granting a waiver from Rule 10.04 of the Listing Rules and a consent, pursuant to paragraph 5(2) of Appendix F1 to the Listing Rules, to allow a listing applicant's existing shareholders or their close associates to participate in its initial public offering if any actual or perceived preferential treatment arising from their ability to influence the listing applicant during the allocation process can be addressed.

Prior to the Listing, our share capital comprises entirely Shares listed on the NEEQ. As a company listed on the NEEQ with its Shares publicly traded thereon and with a large public shareholder base, it would be unduly burdensome for us to seek the prior consent of the Stock Exchange for each of our minority existing Shareholders or their close associates who subscribe for the H Shares in the Global Offering.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of, and a consent under paragraph 5(2) of Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who (i) hold less than 5% of the voting rights in our Company prior to the completion of the Global Offering and (ii) are not and will not become (upon the completion of the Global Offering) core connected persons of our Company or the close associates of any such core connected person (together, the **"Permitted Existing Shareholder"**), on the following conditions:

- (a) each Permitted Existing Shareholder to whom our Company may allocate the H Shares under the International Offering holds less than 5% of the voting rights in our Company prior to the completion of the Global Offering;
- (b) each Permitted Existing Shareholder is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) none of the Permitted Existing Shareholders has the power to appoint any Directors nor have any other special rights in our Company;
- (d) allocation to the Permitted Existing Shareholders and their close associates will not affect our Company's ability to satisfy the public float requirement under Rule 8.08(1) of the Listing Rules;
- (e) to the best knowledge and belief of our Company and the Sole Sponsor, and based on discussions between our Company and the Overall Coordinators and confirmations required to be submitted to the Stock Exchange by the Sole Sponsor, we will confirm to the Stock Exchange that no preferential treatment will be given to the Permitted Existing Shareholders and/or their close associates in the allocation process by virtue of their relationship with our Company;
- (f) in the case of participation as placees, the Overall Coordinators will confirm to the Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to any of the Permitted Existing Shareholders or their close associates by virtue of their relationship with our Company in any allocation in the International Offering; and
- (g) the Sole Sponsor will confirm to the Stock Exchange that based on (i) their discussions with our Company and the Overall Coordinators; and (ii) the confirmations provided to the Stock Exchange by our Company and the Overall Coordinators, and to the best of their knowledge and belief, they have no reason to believe that the Permitted Existing Shareholders and/or their close associates received any preferential treatment in the allocation process as placees by virtue of their relationship with our Company, and details of allocation to the Permitted Existing Shareholders will be disclosed in the allotment results announcement of our Company.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC Filing Requirement

The CSRC issued notice of filing on January 10, 2025 for the Global Offering and for the submission of the application to list our H Shares on the Hong Kong Stock Exchange. In granting its notice of filing, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 3,044,000 H Shares and the International Offering of initially 27,396,000 H Shares (subject to reallocation on the basis referred to in the section headed “Structure of the Global Offering”).

For applicants under the Hong Kong Public Offering, this prospectus set out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and the Overall Coordinators (for themselves and on behalf of the Hong Kong

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around Monday, July 7, 2025.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the H Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

PROCEDURES FOR APPLICATION FOR THE HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set forth in the section headed “How to Apply for Hong Kong Offer Shares”.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering”.

RESTRICTIONS ON OFFER AND SALE OF THE H SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her/its acquisition of Offer Shares to, confirm that he/she/it is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC or the U.S.

Prospective applicants for the Offer Shares should consult their financial advisors and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the approval for the listing of, and permission to deal in the H Shares to be issued pursuant to the Global Offering (including the H Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Save for the Domestic Shares that are listed on NEEQ, no part of our Company's share capital or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future. All Offer Shares will be registered on our H Share Registrar in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the Global Offering, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in the H Shares on the Stock Exchange are expected to commence at 9:00 a.m. (Hong Kong time) on Wednesday, July 9, 2025. The H Shares will be traded in board lots of 500 H Shares each. The stock code of the H Shares will be 2597.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the approval for the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the HKSCC Rules and HKSCC Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and/or dealing in the H Shares or exercising any rights attached thereto. We emphasize that none of us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the H Shares or your exercise of any rights attached to the H Shares.

H SHARE REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Hong Kong Public Offering will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Our principal register of members will be maintained by us at our headquarter in the PRC.

Dealings in the H Shares registered on our H Share register of members will be subject to Hong Kong stamp duty. See “Statutory and General Information — D. Other Information — 11. Taxation of Holders of H Shares” in Appendix VI. For further details of Hong Kong stamp duty, please seek professional tax advice.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders as recorded on our H Share register of members in Hong Kong and sent by ordinary post, at the Shareholders’ risk, to the registered address of each Shareholder.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in the section headed “Structure of the Global Offering”.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Unless otherwise specified, amounts denominated in Hong Kong dollars and Renminbi have been translated, for the purpose of illustration only, into U.S. dollars in this prospectus at the following exchange rates:

HK\$1.00: RMB0.92831

US\$1.00: RMB7.2069

US\$1.00: HK\$7.7626

The US\$ to RMB and HK\$ to RMB exchange rates were quoted by the China Foreign Exchange Trade System and National Interbank Funding Center of the People's Bank of China prevailing on 18 April, 2025 and the US\$ to HK\$ exchange rate was quoted accordingly to the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on 18 April, 2025.

No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to a set number of decimal places. Accordingly, figures shown as totals in certain tables or charts may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart in this prospectus between totals and sums of amounts listed therein are due to rounding.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in the English version of this prospectus which are not in the English language and their English translations, the names in their respective original language shall prevail.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS AND SUPERVISORS INVOLVED IN THE GLOBAL OFFERING**DIRECTORS**

Name	Address	Nationality
Executive Directors		
PIAO Shenggen (樸聖根)	307, 3/F, Building 5 No. 6 Xiaoliangmaqiao West Road Chaoyang District Beijing, PRC	Chinese
WANG Peide (王培德)	501, Unit 3 No. 8 Jinkelangqiaoshui'an East Changping District Beijing, PRC	Chinese
YUE Duanpu (岳端普)	1101, Building 64 Huayanbeili Community Chaoyang District Beijing, PRC	Chinese
ZHANG Zhishan (張治山)	702, Unit 1 No. 7, Fengquan Garden No. 31, Yuhua Road Shunyi District Beijing, PRC	Chinese
CHEN Jing (陳晶)	Room 305, No. 16 Jinxing Road Wangjing Street Chaoyang District Beijing, PRC	Chinese

Independent Non-executive Directors

SUN Qiang (孫強)	No. 02, 20/F, Unit 2, Building 26 Commercial Inner Ring Road Zhengdong New District Zhenzhou, Henan Province, PRC	Chinese
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DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
XIANG Ligang (項立剛)	No. 712, Building No. 1 Tianli Street Chaoyang District Beijing, PRC	Chinese
SU Zile (蘇子樂)	15A, Hollywood Heights 6 Old Peak Road Hong Kong	Chinese

SUPERVISORS

JIANG Hongyan (蔣紅艷)	203, Unit 4 No. 5, West Qingninagou Dongcheng District Beijing, PRC	Chinese
GUO Dawei (郭大偉)	602, Unit 5 No. 14, Block 3, Huilongguan Yunqueyuan Changping District Beijing, PRC	Chinese
ZHANG Wen (張文)	103, Unit 7, F1 No. 1, Dormitory of Yongtai Xili Pharmaceutical Company Qinghe Town Haidian District Beijing, PRC	Chinese

Further information is set out in the section headed “Directors, Supervisors and Senior Management” in this prospectus.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

**Sole Sponsor, Sole Sponsor-Overall
Coordinator, Joint Global Coordinator,
Joint Bookrunner, Joint Lead Manager
and Capital Market Intermediary**

DBS Asia Capital Limited
73/F Floor, The Center,
99 Queen's Road Central
Hong Kong

**Overall Coordinators, Joint Global
Coordinators, Joint Bookrunners,
Joint Lead Managers and Capital
Market Intermediaries**

**China Securities (International)
Corporate Finance Company Limited**
18/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

**Guoyuan Securities Brokerage (Hong
Kong) Limited**
17/F, Three Exchange Square,
8 Connaught Place,
Central, Hong Kong

**Joint Global Coordinators, Joint
Bookrunners, Joint Lead Managers and
Capital Market Intermediaries**

CMBC Securities Company Limited
45/F,
One Exchange Square,
8 Connaught Place,
Central, Hong Kong

BOCI Asia Limited
26/F,
Bank of China Tower,
1 Garden Road,
Central, Hong Kong

**China Industrial Securities International
Capital Limited**
32/F,
Infinitus Plaza,
199 Des Voeux Road Central,
Sheung Wan, Hong Kong

**Central China International Securities
Co., Limited**
Room 1304,
13/F, Admiralty Centre Tower 1,
18 Harcourt Road,
Admiralty, Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**Joint Bookrunners, Joint Lead Managers
and Capital Market Intermediaries**

Fosun International Securities Limited
Suite 2101-2105,
21/F, Champion Tower,
3 Garden Road,
Central, Hong Kong

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

Zinvest Global Limited
Room 3502,
Lippo Center Tower 2,
89 Queensway,
Hong Kong

Huafu International Securities Limited
Units 2603-2604,
26/F, Infinitus Plaza,
199 Des Voeux Road Central
Sheung Wan, Hong Kong

**Winbull Securities International (Hong
Kong) Limited**
Rooms 2202-2203,
22/F, Jubilee Centre,
18 Fenwick Street,
Wan Chai, Hong Kong

Long Bridge HK Limited
Suite 1801-1804 & 1815-1816, 18/F,
One Harbour View Street,
Central, Hong Kong

ZH Securities Limited
Suite 931,
9/F, Ocean Centre,
Harbour City,
Tsim Sha Tsui, Hong Kong

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal Advisors to the Company

As to Hong Kong law:

King & Wood Mallesons

13/F, Gloucester Tower,
The Landmark,
15 Queen's Road Central,
Central, Hong Kong

As to PRC law:

King & Wood Mallesons

18th Floor, East Tower,
World Financial Center,
1 Dongsanhuan Zhonglu,
Chaoyang District
Beijing, PRC

**Legal Advisors to the Sole Sponsor and
the Underwriters**

As to Hong Kong law:

Deacons

5/F, Alexandra House,
18 Charter Road,
Central, Hong Kong

As to PRC law:

Jia Yuan Law Offices

F408, Ocean Plaza
158 Fuxing Men Nei Street
Xicheng District
Beijing, PRC

Auditor and Reporting Accountant**Ernst & Young**

Certified Public Accountants

27/F, One Taikoo Place
979 King's Road

Quarry Bay
Hong Kong

Registered Public Interest Entity Auditor

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Industry Consultant

**Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.**
Room 2504, Wheelock Square
1717 Nanjing West Road
Jing'an District
Shanghai, PRC

Compliance Advisor

SPDB International Capital Limited
33/F, SPD Bank Tower
One Hennessy
1 Hennessy Road
Hong Kong

Receiving Bank

DBS Bank (Hong Kong) Limited
16/F The Center
99 Queen's Road Central
Central, Hong Kong

CORPORATE INFORMATION

Registered Address	Room 1101, 11/F, Block B Future Land Center, Building 2, Yard 10, Jiuxianqiao Road B, Jiangtaixiang, Chaoyang District, Beijing, PRC
Address of Head Office in PRC	Room 1101, 11/F, Block B Future Land Center, Building 2, Yard 10, Jiuxianqiao Road B, Jiangtaixiang, Chaoyang District, Beijing, PRC
Principal Place of Business in Hong Kong	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Company's Website	<u>www.commchina.net</u> <i>(the information contained on the website does not form part of this document)</i>
Joint Company Secretaries	<p>Ms. Hu Jun (胡軍) 205, Courtyard 2, Building 33, Renda North Road, Haidian District, Beijing, PRC</p> <p>Ms. Au Wing Sze (區詠詩) <i>(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong</p>

CORPORATE INFORMATION

Authorized Representatives

Mr. Piao Shenggen (樸聖根)
Room 1101, 11/F,
Block B Future Land Center,
Building 2, Yuan 10,
Jiuxiangqiao Road B,
Jiangtaixiang, Chaoyang District,
Beijing, PRC

Ms. Au Wing Sze (區詠詩)
31/F,
Tower Two, Times Square,
1 Matheson Street,
Causeway Bay, Hong Kong

Audit Committee

Mr. Sun Qiang (孫強) (*Chairperson*)
Mr. Xiang Ligang (項立剛)
Mr. Su Zile (蘇子樂)

Remuneration and Assessment Committee

Mr. Xiang Ligang (項立剛) (*Chairperson*)
Mr. Sun Qiang (孫強)
Mr. Su Zile (蘇子樂)

Nomination Committee

Mr. Su Zile (蘇子樂) (*Chairperson*)
Mr. Piao Shenggen (樸聖根)
Mr. Xiang Ligang (項立剛)

Strategic Committee

Mr. Piao Shenggen (樸聖根) (*Chairperson*)
Mr. Wang Peide (王培德)
Mr. Xiang Ligang (項立剛)

H Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Bank

DBS Bank (China) Limited
Beijing Branch
No. 101, 2106, 2107 and 2108-1 and 22/F,
Building 5
Dongsanhuan Zhong Road,
Chaoyang District,
Beijing

INDUSTRY OVERVIEW

The information and statistics set out in this section have been extracted, in part, from various official government sources and a market research report prepared by Frost & Sullivan (the “F&S Report”) and commissioned by us. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sponsor, the Overall Coordinators, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

CHINA’S COMMUNICATIONS SERVICE MARKET

Communications services refer to services consisting of the dissemination or interchange of audio, visual or data content using cable, radio, telecommunications media, data communication, among others, as well as relevant content, entertainment and application services over networks. Driven by stable development of communication infrastructure and growing downstream demand, China’s communications services market experienced a steady growth in recent years and reached approximately RMB1.7 trillion in 2024. China’s cloud-based communications service market is a segment of China’s communications services market.

CHINA’S CLOUD-BASED COMMUNICATIONS SERVICES MARKET

Market Definition and Overview

Cloud-based communications services refer to communications services and solutions provided to corporate and public organizations based on cloud technologies.

Cloud-based communications services primarily include (i) CPaaS services, which refer to a technology delivery model that enables companies to embed omnichannel communication functions into their business systems and applications with APIs or SDKs; and (ii) Contact Center SaaS, which refers to an efficient and intelligent contact center solution provided to corporate and public organizations with SaaS as the main deployment method. Cloud-based communications services providers can offer one or more types of services tailored to different customers’ requirements and application scenarios. In recent years, with the rapid development of cloud technology and the continuous expansion of application scenarios, the demand for cloud-based communications services have been growing steadily, driving the development of China’s cloud-based communications services market.

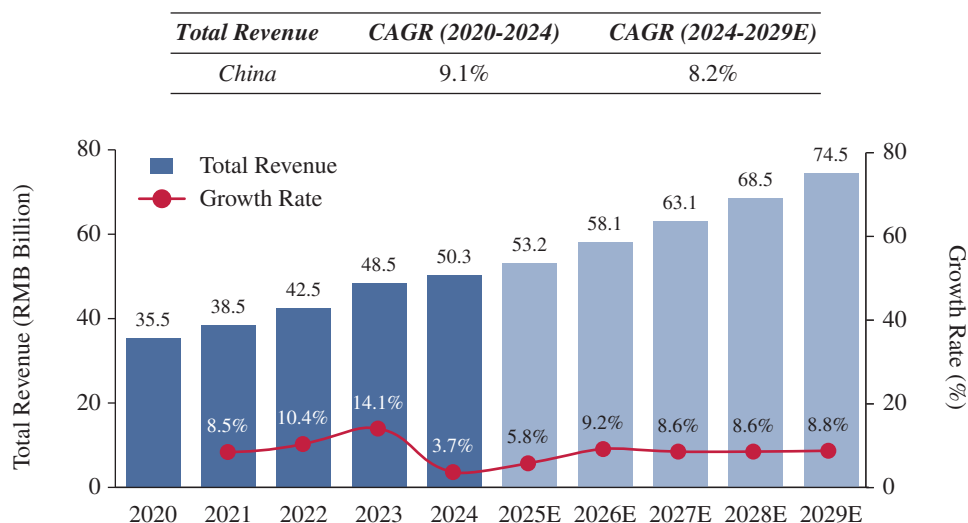
Market Size of China’s Cloud-based Communications Services

With the expanding application of cloud technologies and increasing demand for cloud migration from downstream customers, China’s cloud-based communications services market experienced a continuous growth in recent years. From 2020 to 2024, the total revenue of

INDUSTRY OVERVIEW

China's cloud-based communications services market increased from RMB35.5 billion to RMB50.3 billion, growing at a CAGR of 9.1%. In the future, with the further digital transformation and the expanding application scenarios of cloud communication, China's cloud-based communications services market is expected to maintain a rapid growth. In 2029, the total revenue of China's cloud-based communications services market is expected to reach RMB74.5 billion, representing a CAGR of 8.2% from 2024 to 2029.

Total Revenue of Cloud-based Communications Services Market (China), 2020 — 2029E



Source: Ministry of Industry and Information Technology; Frost & Sullivan Analysis

The market size of China's cloud-based communications services refers to the total revenue generated by both providers with single service capability and full-suite communications services providers. As of December 31, 2024, there were approximately 800 cloud-based communications services providers in China, among which there were approximately 780 service providers with single service capability and approximately 20 full-suite service providers. The total revenue of service providers with single service capability accounted for approximately 90% of the total revenue of China's cloud-based communications services market in 2024, whilst the total revenue of full-suite service providers accounted for approximately 10% of the total revenue of China's cloud-based communications services market in 2024.

Market Drivers of China's Cloud-based Communications Services

Stable development of communication infrastructure. China has witnessed steady growth in information technology industry and continuous advancement of basic communication infrastructure in recent years, which provides a solid foundation for the development of cloud-based market. IT infrastructure refers to Companies' IT systems and software which enables voice and text messages. The total IT expenditure, which is mainly used in construction of basic IT infrastructure, increased from RMB2,866.7 billion in 2020 to RMB3,736.1 billion in 2024, growing at a CAGR of 6.8%, which reflected the stable development of basic IT

INDUSTRY OVERVIEW

infrastructure. Stable communication infrastructure is essential for the development of cloud-based communications services market, as it relies on Internet and cloud computing to acquire and process customers' data so as to provide customized communications services.

Accelerated cloud migration. Cloud technologies are technologies which provide software via cloud server, as opposed to software deployed at a Company's IT system. The application of cloud technologies has gradually expanded over the last few years as cloud technologies have prominent advantages in scalability and flexibility, cost saving, improved security and reliability, and business continuity and disaster recovery compared to traditional on-premises IT infrastructure. Although the penetration of cloud-based communications services in China stays relatively low, the accelerated cloud migration in China will promote the rapid development of China's cloud-based communications services market.

Strong downstream demand for improving communication capabilities. With an increasing number of enterprises and the dynamic changes in customers' needs, the downstream industries are facing intense competition. Therefore, it is crucial to obtain strong communication capabilities, as well as improve customer service quality and satisfaction, so as to enhance competitiveness. Cloud-based communications services provide an intelligent platform to integrate communication capabilities and efficient contact center, which can improve enterprises' service quality and operational efficiency. Meanwhile, more enterprises have been aware of the importance of cloud-based communications services, which has stimulated strong downstream demand for improving communication capabilities.

Future Opportunities of China's Cloud-based communications services

Integration of AI. The integration of artificial intelligence, such as generic and specific large language model, with cloud-based communications services is expected to become a market trend in the future. AI-driven communications services refer to the service offerings that employ various AI tools including natural language processing, large language model, among others, to achieve better interaction with people and improve end users' experience. AI-driven communications services can significantly enhance the personalization and intelligence of customer services, improve service efficiency and accuracy, and expand the application scenarios of project-based communications solutions. Therefore, the further integration of AI in China's cloud-based communications services market is expected to transform customers' needs and promote a surge in demand for AI-driven communications services in the future. The cloud-based communications services providers with technical knowledge, expertise and successful experience in AI-driven communications services can easily capture future opportunities to increase their market shares.

Expansion of application scenarios. With the advancement of enterprise digital transformation, cloud-based communications services are playing an increasingly important role in internal and external communications for enterprises. On one hand, the comprehensive cloud-based communications services can meet the extensive communication needs of enterprises at various growth stages, and on the other, the application scenarios of cloud-based communications services are continuously expanding from empowering communication capabilities to integrated smart solutions such as online education, telemedicine and smart cities.

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Competitive Landscape of China's Cloud-based communications services

China's cloud-based communications services market is relatively fragmented with intense competition. Depending on different service capabilities and main business, China's cloud-based communications services providers can be primarily divided into (i) providers with single service capability, who focus on a specific type of cloud-based communications services, such as CPaaS services or Contact Center SaaS; and (ii) full-suite communications services providers, who offer comprehensive cloud-based communications services covering both CPaaS services and Contact Center SaaS.

As of December 31, 2024, there were approximately 800 cloud-based communications services providers in China.

In recent years, there have been diversified downstream demands for cloud-based communications services, expanding from the demand for telecommunications resources to comprehensive solutions for both corporate communication and customer services. Compared to purchasing scattered resources and services from different service providers, downstream customers are more inclined to obtain full-suite cloud-based communications services with high efficiency and convenience from a single service provider. In the future, cloud-based communications services providers will be dedicated to developing full-suite service capabilities to meet diverse customers' needs.

In terms of revenue derived from cloud-based communications services in 2024, the top five cloud-based communications services providers in China accounted for approximately 18.8%, among which our Group ranked third, with a market share of approximately 1.8%. Among these top five providers, our Group had the second highest net profit in 2024, demonstrating strong profitability.

China's Top Five Cloud-based Communications Services Providers By Revenue, 2024

Ranking	Company	Background Information	Core Business	Listing Status	Market Share (%)
1	Company A	Founded in 2001 and headquartered in Shenzhen, Company A is one of the leading CPaaS service providers in China, with major businesses including enterprise cloud-based communication platforms. In 2024, its revenue derived from cloud-based communications services reached approximately RMB3.9 billion.	CPaaS Service	Listed	7.8%
2	Company B	Founded in 1999 and headquartered in Suzhou, Company B is one of the leading CPaaS service providers in China, with clients and partners in various industries such as communications, bank, logistics, retail, Internet, media, public services, among others. In 2024, its revenue derived from cloud-based communications services reached approximately RMB3.4 billion.	CPaaS Service	Listed	6.8%
3	Our Group	See "Business"	Full-suite Communications Services	–	1.8%
4	Company C	Founded in 2012 and headquartered in Wuxi, Company C is one of the leading enterprises focusing on the provision of secure, effective and timely CPaaS services. In 2024, its revenue derived from cloud-based communications services reached approximately RMB0.7 billion.	CPaaS Service	Listed	1.4%
5	Company D	Founded in 2006 and headquartered in Beijing, Company D is a leading provider of customer contact solutions deployed in public clouds, offering a broad array of communications services that enable enterprises to engage in multi-channel customer interactions. In 2024, its revenue derived from cloud-based communications services reached approximately RMB0.5 billion.	Full-suite Communications Services	Listed	1.0%
Top 5					18.8%

Source: Annual Reports; Frost & Sullivan Analysis

CHINA'S CPAAS SERVICE MARKET

Market Definition and Overview

Communications platform as a service (CPaaS) refers to a technology delivery model that enable companies to embed omnichannel communication functions into their business systems and applications with APIs or SDKs. CPaaS has prominent advantages for businesses to enhance communication capabilities and customer experience, primarily as (i) CPaaS facilitates integration with existing systems and applications, providing greater agility and flexibility to launch communication functions without having to build the entire infrastructure; (ii) CPaaS eliminates the need for costly telecommunications infrastructure, which reduces development expenses; and (iii) CPaaS integrates various telecommunications resources, which extends reach to end users and offers customized solutions based on customers' needs.

CPaaS services primarily include: (i) messaging service, which enables customers to send messages to designated mobile numbers; (ii) voice services, which allow customers to build solutions for making and receiving phone calls globally; and (iii) other services, such as mobile data services, IoT SIM card and data, virtual goods top-up, RCS message services, among others.

Value Chain of China's CPaaS Services

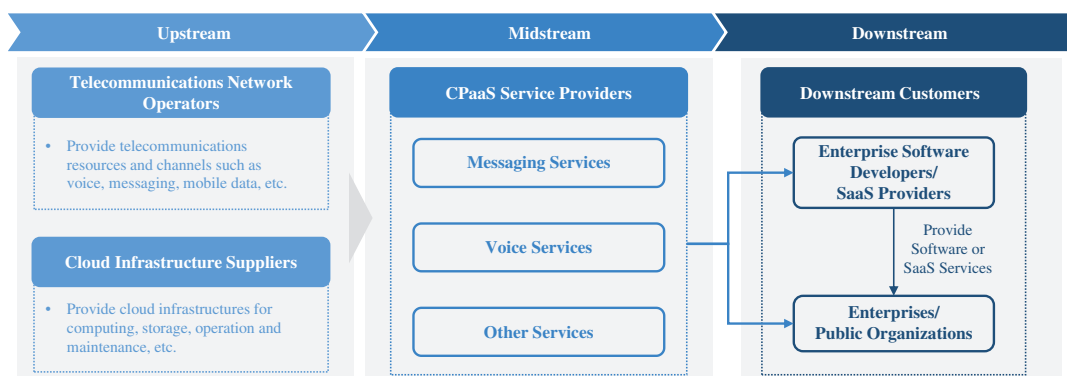
The value chain of CPaaS service market primarily consists of telecommunications operators and cloud infrastructure suppliers in the upstream, CPaaS service providers in the midstream, and downstream customers including enterprise software developers and SaaS providers, as well as enterprises and public organizations.

By collaborating with telecommunications operators, CPaaS service providers are able to consolidate telecommunications resources and enable downstream customers to access and utilize their resources via APIs or SDKs, which allows their customers to access and utilize communication capabilities in an easy, efficient and flexible way without incurring enormous costs in establishing and maintaining own communication infrastructure.

CPaaS service providers can offer communication functions to enterprise software developers and SaaS providers, who then deliver software or platforms to their end customers. In addition, some enterprises and public organizations with relatively strong development capabilities can directly utilize communication functions from CPaaS service providers and embed them into their own business systems and applications. Financial services (includes banking, securities and insurance), logistics, government-related, travel, e-commerce, advertisement and education are the major downstream industries of China's CPaaS service market.

INDUSTRY OVERVIEW

Value Chain of CPaaS Service Market



Source: Frost & Sullivan Analysis

Charging Models of China's CPaaS Services

The charging models in China's CPaaS service market primarily include usage-based pricing model and package pricing model. In usage-based pricing model, fees are charged based on the usage of price per unit, such as number of messages, call duration, and amount of data. In package pricing model, fees are charged on a monthly or annual basis, typically including a certain quota for service usage, whilst any usage exceeding the quota is charged based on the amount.

Main Charging Models in China's CPaaS Service Market

Charging Models	Usage-based Pricing	Package Pricing
Main Features	<ul style="list-style-type: none">Fees are charged based on the usage of price per unit, such as number of messages, call duration, and amount of data.	<ul style="list-style-type: none">Fees are charged on a monthly or annual basis, typically including a certain quota for service usage. Any usage exceeding the quota is charged based on the amount.
Advantages	<ul style="list-style-type: none">Payment only needs to be made based on actual usage, suitable for customers with large fluctuations in usage.	<ul style="list-style-type: none">Costs are predictable, convenient for budget management, and suitable for customers with stable usage.
Price Level	<ul style="list-style-type: none">Relatively high, providing high flexibility without a minimum expenditure requirement.	<ul style="list-style-type: none">Relatively low and customers with stable usage can benefit from bulk discounts.
Applicable Scenarios	<ul style="list-style-type: none">Small and medium-sized enterprises, startups, or scenarios with uncertain usage.	<ul style="list-style-type: none">Medium and large-sized enterprises, with application scenarios that have relatively stable usage.

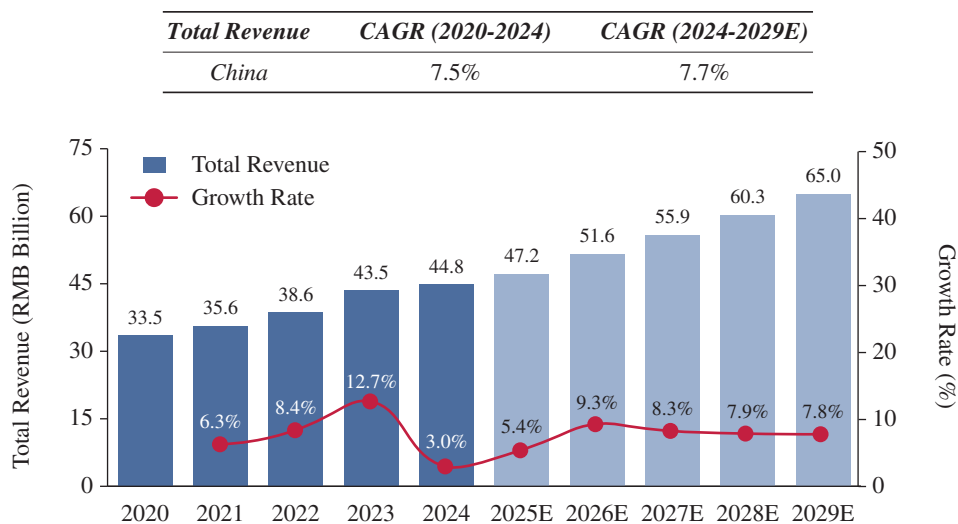
Source: Frost & Sullivan Analysis

INDUSTRY OVERVIEW

Market Size of China's CPaaS Services

With the development of cloud communication infrastructure and increasing demand for communication functions from downstream customers, China's CPaaS service market experienced a continuous growth in recent years. From 2020 to 2024, the total revenue of China's CPaaS service market increased from RMB33.5 billion to RMB44.8 billion, growing at a CAGR of 7.5%. In the future, with the further digital transformation of enterprises, the expanding application of cloud communication and the innovative CPaaS services such as RCS messages, China's CPaaS service market is expected to maintain a rapid growth. In 2029, the total revenue of China's CPaaS service market is expected to reach RMB65.0 billion, representing a CAGR of 7.7% from 2024 to 2029.

Total Revenue of CPaaS Service Market (China), 2020 — 2029E



Source: Ministry of Industry and Information Technology; Frost & Sullivan Analysis

Market Drivers of China's CPaaS Services

Supportive policies. In recent years, the Chinese government has continuously introduced policies to support the high-quality development of cloud communication. In 2021, the Ministry of Industry and Information Technology promulgated the “14th Five-Year Plan for the Development of Information and Communication Industry” (《“十四五”信息通信行业发展规划》), which advocated for the barrier-free transformation and widespread application of information services, stimulating increasing demand for cloud communication. In 2024, the Ministry of Industry and Information Technology issued the “Guidelines for the Construction of Comprehensive Standardization System of Cloud Computing” (《云计算综合标准化体系建设指南》), which encouraged the sustained, rapid and healthy development of cloud computing, laying the technical foundation for the development of China's CPaaS service market. The introduction of these supportive policies promoted the expanding application of cloud communication, thereby facilitating the development of China's CPaaS service market.

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Expanding downstream applications of CPaaS services. With growing communication demands from various industries, downstream applications of CPaaS services have extended to industries such as banking, insurance, automotive, e-commerce and the Internet, leading to a continuous increase in downstream demand. Moreover, the services offerings of CPaaS service providers have expanded from traditional messaging and voice services to diversified services such as mobile data and virtual goods services, further driving the continuous growth of the CPaaS service market.

Technological advancements. In recent years, technological advancements have significantly improved the efficiency and quality of CPaaS services, thereby promoting the development of China's CPaaS service market. For instance, some leading CPaaS service providers have started to utilize LLMs to generate content and review templates for messaging and to conduct quality inspection, which helps their customers further improve communication efficiency.

Increasing demand for corporate communication. In recent years, mobile Internet in China has witnessed a remarkable development. The number of mobile Internet users in China increased from 985.8 million in 2020 to 1,105.0 million in 2024, representing a CAGR of 2.9%, with the penetration rate of mobile Internet growing from 69.8% to 78.5%. By 2029, the penetration rate of mobile Internet in China is expected to reach 90.0%. The growth in number of mobile internet users has continuously enlarged the scale of end users that corporate and public organizations could reach, which has stimulated substantial demand for corporate communications including voice and messaging.

Advancement of cloud infrastructure. Cloud infrastructures in China have experienced continuous improvement. Cloud infrastructure, as the foundation of CPaaS services, can ensure the reliability and stability of services through technological advancements. With the enhancing flexibility and scalability of cloud infrastructures, China's CPaaS service providers can further expand the application scenarios as they can offer customized communication functions with flexible deployment and satisfy the demands of large corporate customers for high scalability such as sending millions of messages per minute.

Future Opportunities of China's CPaaS Services

Globalization of CPaaS service capabilities. With the continuous advancement of globalization, Chinese enterprises have been accelerating their overseas expansion and exploring international markets. With the increasing demands for CPaaS services in overseas countries, global service capabilities of CPaaS will become one of the main development directions for CPaaS service providers in the future. These providers will establish cooperative relationships with global telecommunications operators to secure global telecommunications resources, which can fulfill the overseas needs of enterprises in cross-border e-commerce, online social networking, logistics, finance, among others.

Integration of AI technology. In recent years, artificial intelligence (AI) technology such as large language model and machine learning has experienced a rapid development, and gradually been applied in CPaaS services. By leveraging the capabilities of large-scale AI models, CPaaS services are evolving towards higher level of intelligence, which can provide downstream customers with more efficient and comprehensive communication solutions. For instance, incorporating AI technology into information distribution systems of CPaaS can enable the tagging of information recipients, significantly improving the efficiency of enterprise communication.

Increasing market concentration. With the gradual maturity of China's CPaaS service market, large CPaaS service providers have continuously consolidated their market position through technological innovation, market expansion and resource integration. Moreover, the increasing costs of telecommunications resources may reduce the profitability of CPaaS service providers, especially those small-sized service providers who cannot benefit from scale effect. Therefore, the concentration rate in China's CPaaS service market is expected to continue to increase in the future.

Entry Barriers of China's CPaaS Services

Telecommunications resource barrier. The service capabilities of CPaaS service providers primarily relies on the integration of upstream telecommunications resources. Leading providers generally establish long-term cooperative relationships with telecommunications operators, and enter into business agreements with provincial branches covering major geographical areas, which can ensure end customers with nationwide business operations to secure comprehensive communication functions. New entrants may face challenges in establishing stable cooperation with telecommunications operators nationwide.

Qualification barrier. CPaaS service providers offer communication functionalities to their customers by integrating telecommunications resources, which are subject to stringent regulations. New entrants have to undergo reviews by relevant government departments and obtain necessary licenses, such as the value-added telecommunications services license. It is rather difficult for new entrants to pass the relevant departments' reviews and acquire these qualifications in short time.

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Technology barrier. Technologies are vital to CPaaS services, which can effectively improve the service efficiency and quality. For instance, online status check and number blocking technologies help to prevent customers from reaching inactive or specific mobile numbers based on data analysis. Established CPaaS service providers have been dedicated to enhancing technological capabilities and developing new technologies to maintain their competitiveness, which is one of major entry barriers for new entrants.

Customer resource barrier. Existing participants in China's CPaaS service market typically have extensive customer networks and significant customer loyalty, which are results of their sales and marketing capabilities. They have a deep understanding of customer needs, and can quickly meet these specific needs. Therefore, relatively durable partnerships are established between CPaaS service providers and their customers, and they usually are not easily replaced.

Competitive Landscape of China's CPaaS Services

As of December 31, 2024, there were approximately 400 CPaaS service providers in China. In terms of revenue derived from CPaaS services in 2024, the top five CPaaS service providers in China accounted for approximately 20.6%, among which our Group ranked third, with a market share of approximately 1.8%.

China's Top Five CPaaS Service Providers By Revenue, 2024

Ranking	Company	Background Information	Listing Status	Market Share (%)
1	Company A	Founded in 2001 and headquartered in Shenzhen, Company A is one of the leading CPaaS service providers in China, with major businesses including enterprise cloud-based communication platforms. In 2024, its revenue derived from CPaaS services reached approximately RMB3.9 billion.	Listed	8.7%
2	Company B	Founded in 1999 and headquartered in Suzhou, Company B is one of the leading CPaaS service providers in China, with clients and partners in various industries such as communications, bank, logistics, retail, Internet, media, public services, among others. In 2024, its revenue derived from CPaaS services reached approximately RMB3.4 billion.	Listed	7.6%
3	Our Group	See "Business"	–	1.8%
4	Company C	Founded in 2012 and headquartered in Wuxi, Company C is one of the leading enterprises focusing on the provision of secure, effective and timely CPaaS services. In 2024, its revenue derived from CPaaS services reached approximately RMB0.7 billion.	Listed	1.6%
5	Company E	Founded in 2010 and headquartered in Guangzhou, Company E is a comprehensive intelligent CRM services providers capable of providing CPaaS services and contact center SaaS services. In 2024, its revenue derived from CPaaS services reached approximately RMB0.4 billion.	Listed	0.9%
Top 5				20.6%

Source: Annual Reports; Frost & Sullivan Analysis

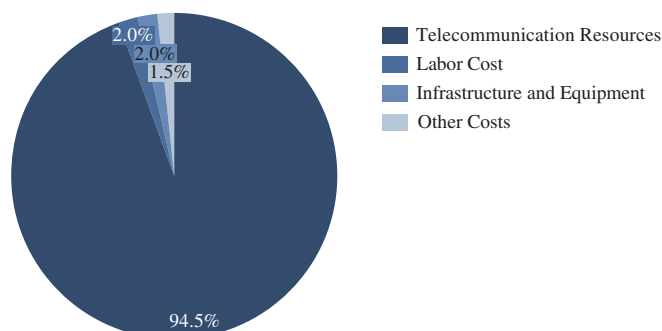
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Cost of China's CPaaS Services

The costs of CPaaS service market primarily include cost of telecommunications resources, labor cost, cost of infrastructure and equipment and other costs, among which cost of telecommunications resources accounted for approximately 94.5% of the total cost in China's CPaaS service market in 2024. Labor cost and cost of infrastructure and equipment accounted for approximately 2.0% and 2.0%, respectively.

The cost of telecommunications resources dominates the cost composition of CPaaS service providers. On one hand, CPaaS service providers have high dependency on telecommunications operators to aggregate telecommunications resources, and on the other, CPaaS service providers have relatively limited autonomy in cost control mainly as the pricing of telecommunications resources may have direct impact on their operating costs and profitability.

Cost Structure of CPaaS Service Market (China), 2024



Source: Frost & Sullivan Analysis

CHINA'S CONTACT CENTER SAAS MARKET

Market Definition and Overview

Contact Center SaaS refers to an efficient and intelligent contact center solution provided to corporate and public organizations with SaaS as the main deployment method. Contact Center SaaS solutions primarily include various intelligent functions applied in contact center, such as smart text bot, smart voice navigation, intelligent service quality check and assistance, intelligent call bot and video assistance, which can fully satisfy the diversified customers' needs for business consultation, after-sales service, marketing and promotion, sales management, among others. Contact Center SaaS can enable enterprises to reduce the operating costs, improve the qualities of customer services and enhance competitiveness.

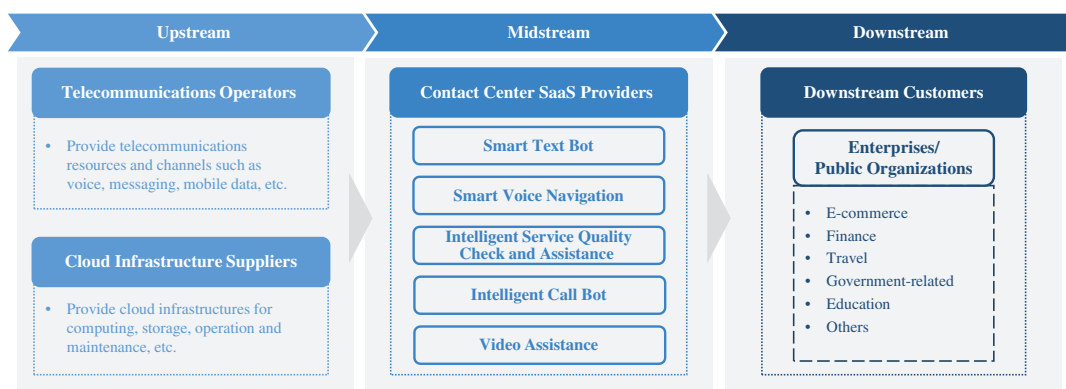
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Value Chain of China's Contact Center SaaS

The value chain of Contact Center SaaS market primarily consists of telecommunications operators and cloud infrastructure suppliers in the upstream, Contact Center SaaS providers in the midstream, and downstream customers including enterprises and public organizations.

Upstream participants including telecommunications operators and cloud infrastructure suppliers are crucial, among which telecommunications operators provide basic infrastructure and channel to Contact Center SaaS service providers.

Value Chain of Contact Center SaaS Market



Source: Frost & Sullivan Analysis

Charging Models of China's Contact Center SaaS

Contact Center SaaS providers primarily charge software deployment fee and communication service fee, among which software deployment fee covers the cost of integrating Contact Center SaaS into customers' IT systems, and varies depending on the number of AI customer representatives the customers purchase and the specific functions they require to employ; and communication service fee is based on the duration of the call, which depends on the usage of voice services within the Contact Center SaaS.

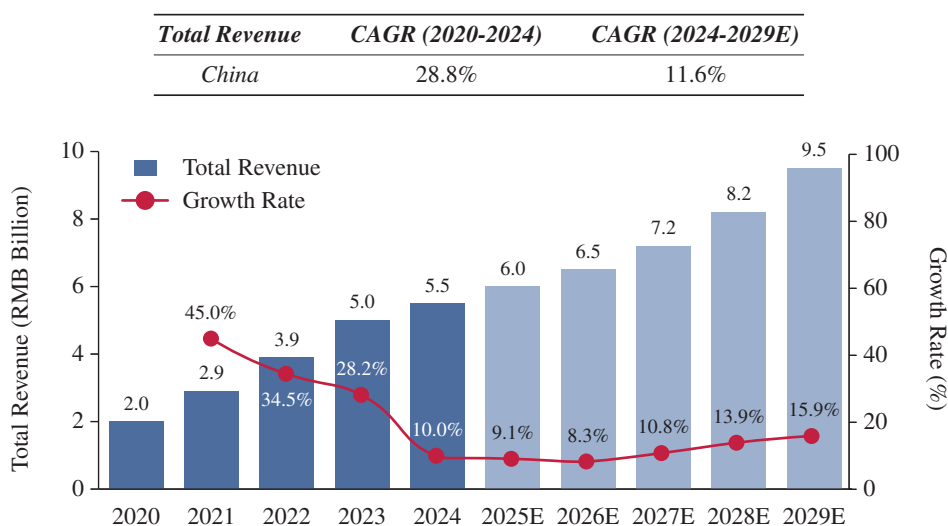
The charging models for software deployment fee depend on different deployment methods. For public cloud deployment, the pricing model for software deployment is generally based on the number of AI customer representatives and the specific functions to employ, whilst for private cloud deployment, Contact Center SaaS providers generally charge the total solution as a sales package, based on the overall costs and the customers' needs during the bidding or commercial negotiations. Moreover, the charging models for communication service fee in Contact Center SaaS are similar to those for CPaaS services, generally based on the call duration, multiplying the price per unit.

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Market Size of China's Contact Center SaaS

Driven by further improvement of laws and regulations, growing requirements for response speed of customer services and continuous technological development, China's Contact Center SaaS market experienced a significant growth in recent years. From 2020 to 2024, the total revenue of China's Contact Center SaaS market increased from RMB2.0 billion to RMB5.5 billion, growing at a CAGR of 28.8%. In the future, the total revenue of China's Contact Center SaaS market is expected to reach RMB9.5 billion in 2029, representing a CAGR of 11.6% from 2024 to 2029.

Total Revenue of Contact Center SaaS Market (China), 2020 — 2029E



Source: Frost & Sullivan Analysis

Market Drivers of China's Contact Center SaaS

Further improvement of laws and regulations. Contact centers involve the collection and usage of a large amount of user information. With the increasing national emphasis on citizens' information security, a series of laws and regulations, such as the "Interim Measures for the Management of Generative Artificial Intelligence Services" (《生成式人工智能服務管理暫行辦法》), the "Personal Information Protection Law" (《個人信息保護法》) and the "Notice on Strengthening Call Center Business Management" (《關於加強呼叫中心業務管理的通知》) have been issued, aiming to regulate the industry development and protect the rights and interests of end users and service providers.

Growing requirements for response speed of customer services. End users have growing requirements for the immediacy and responsiveness of services. Traditional contact centers are limited by human resource allocation and service duration, and are unable to provide real-time

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customer services around the clock. Contact Center SaaS can respond to consumers' needs in a timely manner, intelligently answer some repetitive and structural questions, shorten the waiting time and optimize the experience of customer services.

Continuous technological development. The deep integration of technologies such as cloud computing and AI with contact centers further enhanced the intelligence level of contact centers. Contact Center SaaS utilizes general and specific LLMs to assist manual customer services through smart text bot, smart voice navigation, intelligent service quality check and assistance, among others, which not only reduces the costs in human resources, but also improves the response efficiency. With the continuous technological development, Contact Center SaaS are transforming towards AI-driven digital operations, and continuously expanding their service scope, which drives the growth of China's Contact Center SaaS market.

Future Opportunities of China's Contact Center SaaS

Data security. Data security is an important development direction for China's Contact Center SaaS market. As customers' concern for data security continues to rise, Contact Center SaaS providers have been dedicated to strengthening the protection of customer data and providing data security guarantees according to the diverse customers' needs. For instance, Contact Center SaaS providers offer the cloud deployment through private cloud or virtual private cloud for customers who are more sensitive to data security.

Synergistic development with manual customer service. The application of Contact Center SaaS has become a new trend in customer service. AI technology will continue to have widespread and deep application in Contact Center SaaS. Meanwhile, Contact Center SaaS will combine with manual customer service representatives to establish a synergistic mechanism to provide end users with a better service experience. AI technologies such as machine learning will enable manual customer service representatives to acquire the information and solutions they need quickly, thereby effectively improving customer satisfaction.

Integration of multiple channels. Contact Center SaaS providers need to provide multiple communication channels, such as messaging, voice, email, social media, among others, to provide comprehensive solutions of Contact Center SaaS. The integration of multiple channels also enables Contact Center SaaS providers to offer customized solutions tailored to specific customers' needs.

Entry Barriers of China's Contact Center SaaS

Brand barrier. It is crucial to establish brand reputation and obtain customer trust in technical capabilities, data security and privacy protection in China's Contact Center SaaS market. Brand reputation requires long-term accumulation by providing high-quality solutions and superior customer experience. New entrants need to invest a lot of time and resources to obtain customer trust and establish brand reputation to have sufficient customer bases.

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Technology barrier. Contact Center SaaS market involves various advanced technologies, such as software development, communications, cloud computing, among others. The development and integration of such technologies requires the accumulation of profound professional expertise and sufficient experience. It is difficult for new entrants to master these core technologies to ensure high efficiency and reliability of services in a short time. In addition, continuous technological improvement is required to fulfill the growing requirements from downstream customers.

Talent barrier. Talent is one of the key factors to enter China's Contact Center SaaS market. These talents are able to integrate multiple advanced technologies to provide efficient and intelligent contact center solutions with an in-depth industry understanding. Attracting and retaining these talents is a challenge for new entrants. Moreover, established enterprises generally have sufficient talent reserve and effective training mechanisms, which enable them to better cultivate and maintain a professional talent team.

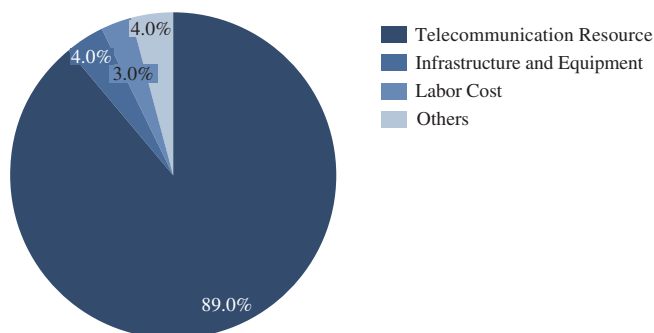
Competitive Landscape of China's Contact Center SaaS

As of December 31, 2024, there were approximately 400 Contact Center SaaS providers in China. In terms of revenue derived from Contact Center SaaS in 2024, the top five Contact Center SaaS providers in China accounted for approximately 15.1%. Our Group ranked sixth, with a market share of approximately 1.3%.

Cost of China's Contact Center SaaS

The costs of Contact Center SaaS market primarily include cost of telecommunications resource, infrastructure and equipment, labor cost, and other costs, among which cost of telecommunications resource accounted for approximately 89.0% of the total cost in China's Contact Center SaaS market in 2024. Infrastructure and equipment and labor cost accounted for approximately 4.0% and 3.0%, respectively. Cost of telecommunications resource, consisting of expenses relating to voice services, Internet broadband, and dedicated leased lines, dominates the cost composition of Contact Center SaaS providers.

Cost Structure of Contact Center SaaS Market (China), 2024



Source: Frost & Sullivan Analysis

CHINA'S PROJECT-BASED COMMUNICATIONS SOLUTION MARKET

Market Definition and Overview

Project-based communications solutions refer to the provision of communication-based solutions that combine software and hardware, with the integration of advanced technologies such as cloud computing, IoT and AI. Project-based communications solutions leverage high scalability and flexibility of cloud technology to provide comprehensive communication capabilities for corporate and public organizations, and realize functions such as intelligent voice recognition, facial recognition and behavioral monitoring, thereby providing intelligent solutions based on communication capabilities.

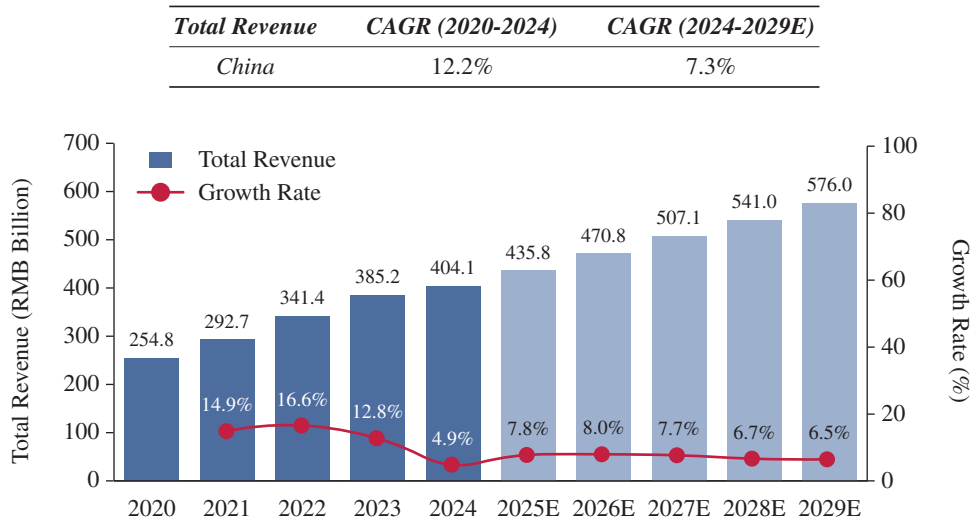
Project-based communications solutions have widespread application scenarios, primarily including smart campuses, smart municipal governance, smart transportation and smart finance. When selecting project-based communications solutions, downstream industries will consider their compatibility with existing systems, service stability and reliability, level of intelligence and cost-effectiveness. In addition, the project-based communications solutions should be able to meet the specific industry needs and support future expansion and upgrading.

Market Size of China's Project-based Communications Solutions

Driven by the increasing demand for digital transformation and the innovative applications of project-based communications solutions, the total revenue of China's project-based communications solutions market increased from RMB254.8 billion in 2020 to RMB404.1 billion in 2024, growing at a CAGR of 12.2%. In the future, with the integration of advanced technologies such as cloud computing, AI and IoT, project-based communications solutions providers can offer comprehensive solutions to empower communication capabilities in smart cities, which is expected to promote the stable growth in China's project-based communications solutions market. In 2029, the total revenue of China's project-based communication solution market is expected to reach RMB576.0 billion, with a CAGR of 7.3% from 2024 to 2029.

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Total Revenue of Project-based Communication Solution Market (China), 2020 — 2029E



Source: Frost & Sullivan Analysis

Market Drivers of China's Project-based Communication Solutions

Technological innovation. Technological innovation is a key driving force for the development of project-based communication solution market. The rapid development of technologies, including 5G, IoT, AI, big data, and cloud native, provides strong technical support for project-based communication solutions. For instance, AI is used in voiceprint recognition, image recognition and motion recognition, which enables the monitoring and analysis of user behaviors, thereby improving the intelligence level of communication solutions. Moreover, the combination of these technologies can lead to more application scenarios of cloud communication. Therefore, technological innovation not only greatly expands the application scope, but also significantly enhances user experience.

Demand for enterprise digital transformation. In the wave of digital economy, the digital transformation of enterprise office modes, as well as management and business models has become an inevitable trend, facilitating the rapid development of project-based communication solution market. For instance, with the increasing popularity of remote work and collaboration, the audio and video conferencing function in cloud communication platform has become an indispensable tool for daily operation of enterprises. Along with the evolving enterprises' needs, project-based communication solutions will play a more critical role in enterprise digital transformation.

Innovation in product and service models. With the continuous technological improvement and growing customers' requirements, project-based communication solution providers have to innovate their product features and delivery methods to maintain competitiveness. For instance, AI technology is applied to provide intelligent customer

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services and automated workflows. The innovation in service model can be reflected in providing more flexible subscription options, on-demand services, and service models that are easy to deploy and expand, in order to adapt to enterprises with different sizes and needs.

Entry Barriers of China's Project-based Communication Solutions

Expertise and Innovation. Project-based communication solutions involve the integration of multiple disciplines such as cloud computing, communication technology, AI. It is crucial for enterprises to have a team composed of innovative professionals, and new entrants may face challenges in accumulating industry experience and recruiting professionals.

Capital. Sufficient capital is a key factor for the sustainable development of project-based communication solution market. In the initial stage, enterprises need to invest a large amount of financial resources. In the development stage, sufficient financial support is equally important for market promotion, brand building, and customer relationship maintenance, which helps enterprises to expand market shares, enhance brand reputation, and establish a solid customer base.

Ecosystem Construction. Ecosystem construction requires enterprises to not only integrate a wide range of resources, including infrastructure, technology platforms, developer tools and industry applications, but also cultivate stable partner network. This process requires substantial experience accumulation and strategic coordination to ensure solutions and related services can meet diverse needs across different industries, thereby increasing user stickiness.

Competitive Landscape of China's Project-based Communication Solutions

China's project-based communication solution market is highly fragmented with plenty of market participants primarily including technology service providers, equipment manufacturers, and product and solution providers. Our Group primarily competes with product and solution providers.

SOURCE AND RELIABILITY OF INFORMATION

In connection with the Global Offering, we engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and prepare an industry report on the markets we operate in with a commission fee of RMB600,000. Founded in 1961 in New York, Frost & Sullivan provides market research on a variety of industries, among other services. The information from Frost & Sullivan disclosed in this prospectus is extracted from the Frost & Sullivan Report with its consent.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan used the following key methodologies to collect multiple sources, validate the data and information collected, and cross-check each respondent's information and views against those of others: (i) secondary research, which involved reviewing published official statistical sources including company reports, independent research reports and data based on Frost & Sullivan's in-house

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research database; and (ii) primary research, which involved in-depth interviews with the industry experts and competitors, and in-house analysis using appropriate models and indicators to arrive at an estimate.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict, or have an impact on such information.

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This section sets out summaries of certain aspects of PRC laws and regulations, which are relevant to our business operations.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

The establishment, operation and management of companies in China is governed by the Company Law of the PRC (《中華人民共和國公司法》), as amended in 1999, 2004, 2005, 2013, 2018 and 2023, or the Company Law. According to the Company Law, companies established in the PRC are either limited liability companies or joint stock limited liability companies. The Company Law applies to both PRC domestic-funded companies and foreign-invested companies. On December 30, 2019, the Ministry of Commerce of the PRC, or the MOFCOM and SAMR promulgated the Measures for the Reporting of Foreign Investment Information (effective from January 1, 2020) (《外商投資信息報告辦法》), repealing the Provisional Administrative Measures on Establishment and Modifications (Filing) for Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Where foreign investors carry out investment activities directly or indirectly within China, foreign investors or foreign-funded enterprises shall report investment information to commerce departments. On December 27, 2021, MOFCOM and NDRC promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》), or the 2021 Negative List, which became effective on January 1, 2022. Fields that were not included in the 2021 Negative List shall be regulated according to the principle of equal treatment of domestic and foreign investments. On September 6, 2024, MOFCOM and NDRC promulgated the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》), or the 2024 Negative List, which will become effective on November 1, 2024. When the 2024 negative list come into effect, the 2021 negative list automatically expired. A foreign-invested enterprise's investment in China shall comply with the relevant provisions of the 2024 negative list.

On March 15, 2019, the NPC approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), or the Foreign Investment Law, and on December 26, 2019, the State Council promulgated the Implementing Rules of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》), or the Implementing Rules, to further clarify and elaborate the relevant provisions of the Foreign Investment Law. The Foreign Investment Law and the Implementing Rules both took effect on January 1, 2020 and replaced three previous major laws on foreign investments in China, namely, the Sino-foreign Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》), together with their respective implementing rules. Pursuant to the Foreign Investment Law, “foreign investments” refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors; (ii) foreign investors obtaining shares, equity interests, property

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portions or other similar rights and interests of enterprises within the PRC; (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors; and (iv) investment of other methods as specified in laws, administrative regulations, or as stipulated by the State Council.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATIONS SERVICES

Licences for value-added telecommunications services

Telecommunications Regulation of the PRC (《中華人民共和國電信條例》), or the Telecommunications Regulation, promulgated by the State Council on 25 September 2000, and last amended on 6 February 2016, provides a regulatory framework for telecommunications services providers in the PRC and divided telecommunications services business into two categories: basic telecommunications business and value-added telecommunications business.

The Classified Catalogue of Telecommunications Business (2015 Version) (《電信業務分類目錄(2015年版)》), or the 2015 MIIT Catalogue, which was promulgated by the Ministry of Industry and Information Technology of the PRC, or the MIIT, effective on March 1, 2016 and amended on June 6, 2019, divides telecommunications services into two major categories: A. basic telecommunications services, and B. value-added telecommunications services. Each major categories are divided into subcategories. Information services refer to the information services provided for users through the public communication network or the internet by relying on the information collection, development, processing and information platform construction. Internet data center services, or IDC services, refer to the placement, agency maintenance, system configuration and management services provided for users' servers or other Internet/network-related equipment in a form of outsourced lease by utilizing the corresponding machine room facilities, as well as the lease of database systems, servers and other equipment, lease of the storage spaces of such equipment, lease of communication lines and export bandwidth on an agency basis, and other application services. IDC services also include Internet resource collaboration services. Internet resource collaboration services refer to the data storage, Internet application development environment, Internet application deployment, operation and management services provided for users through the Internet or other network-related means featuring availability at any time, use as needed, expansion at any time and collaborative sharing, and by virtue of the equipment and resources established on the data center.

Measures for the Administration of Telecommunications Business Licensing (《電信業務經營許可管理辦法》), promulgated by the MIIT on March 1, 2009 and last amended on July 3, 2017, set forth more specific provisions regarding the types of licences required to operate value-added telecommunications services, the qualifications and procedures for obtaining such licences and the administration and supervision of such licences. Under these measures, a commercial provider of telecommunications business shall obtain a business permit issued by the telecommunications administrative authorities as per the law. Otherwise, such operator might be subject to sanctions including but not limited to corrective orders and fines.

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According to the Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》), or the IIS Measures, which was promulgated by the State Council on September 25, 2000, amended on January 8, 2011, and December 6, 2024 internet information services can be classified into two categories, services of a commercial nature and services of a non-commercial nature. Commercial internet-based information services refer to compensatory services which provide information to or create web pages for online users through the internet. Non-commercial internet-based information services refer to non-compensatory services which supply, through the internet, to online users information which is open to and shared by the general public.

MIIT issued the Interim Measures for the Supervision and Administration of Telecom Service Quality (《電信服務質量監督管理暫行辦法》) on January 11, 2001, as amended on September 23, 2014, which apply to the supervision and administration of the licenced telecommunications network operators within the territory of the PRC. According to which, MIIT supervises and administers the quality of the telecommunications service provided by telecommunications service providers pursuant to applicable laws and regulations. Where a telecommunications network operator violates the telecom service standards and injures the lawful rights and interests of the users, such telecommunications network operator may be subject to a rectification order, a warning or fines ranging from RMB500 to RMB10,000.

Measures for Management of Telecommunications Network Code Number (《電信網碼號資源管理辦法》) was issued by MIIT on 29 January 2003 and amended on 23 September 2014, according to which, code resources shall be owned by the State, and any telecommunications network information service providers and call centre service providers who need to use telecommunications network code numbers shall be approved by MIIT or its provincial level counterparts to use telecommunications network code numbers to provide relevant services, and the time limit and scope of such approval shall be identical with that of the VAT Licence or other related approval documents obtained by such entity.

On June 8, 2020, MIIT promulgated the Notice regarding Strengthening the Management of Call Centre Business (《關於加強呼叫中心業務管理的通知》), or the Call Centre Business Notice, which has further strengthened the management on the admittance, codes, accessing, operation activities and certain other items.

Foreign investment in value-added telecommunications services

On July 13, 2006, Ministry of Information Industry released the Circular of the Ministry of Information Industry on Intensifying the Administration of Foreign Investment in Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), or the MIT Notice. Pursuant to which, domestic telecommunications enterprises were prohibited to lease, transfer or sell for profits any licence for telecommunications services by any means or in any disguised form, or provide such conditions as resources, places and facilities for any foreign investor engaging in illegal telecommunications operation in any form within the territory of China.

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On December 27, 2021, the NDRC and the MOFCOM published the 2021 Negative List. On September 6, 2024, the NDRC and the MOFCOM published the 2024 Negative List. According to the 2021 Negative List and the 2024 Negative List, the proportion of foreign investments in an entity engaging in value-added telecommunications services (except for e-commerce, domestic multi-party communications, storage-forwarding, and call centers) shall not exceed 50%.

The Administrative Provisions on Foreign-funded Telecommunications Enterprises (《外商投資電信企業管理規定》) was promulgated by the State Council on December 11, 2001 and last amended on March 29, 2022, or the 2022 Regulation. It requires foreign-invested value-added telecommunications enterprises in China to be established as Sino-foreign equity joint ventures with the foreign investors owning no more than 50% of the equity interests of such enterprise. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in and a proven track record of operating value-added telecommunications businesses overseas (the “Qualification Requirements”).

On March 29, 2022, the State Council promulgated the Decision of the State Council on Revising or Abolishing Some Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》), or the 2022 Decision, that took effect from 1 May 2022 made certain significant changes to the 2022 Regulations. The 2022 Decision repeals the Qualification Requirements. As such, the restrictions of Qualification Requirements no longer apply to foreign investors, and foreign investors may be allowed to hold no more than 50% of the equity interests of a company providing value-added telecommunications services, unless otherwise stipulated by the State.

On September 18, 2009, MOFCOM and the MIIT promulgated the Notice on Issues Concerning Applicable Procedures for Applying to Operate Telecommunication Business by Domestic Enterprises Directly Listed Overseas (《關於境外直接上市的境內企業申請經營電信業務適用程序有關的通知》), which stipulates that where a domestic enterprise directly listed overseas applies to operate telecommunication businesses, the administrative provisions and approval procedures on foreign-invested telecommunication enterprises shall apply if the proportion of foreign capital in such enterprise exceeds 10% (including 10%), and the administrative provisions and approval procedures on domestic-funded enterprises operating telecommunication business shall apply if the proportion of foreign capital in such enterprise is less than 10%, and the single largest shareholder is a PRC domestic investor.

REGULATIONS RELATING TO INFORMATION SECURITY AND PERSONAL INFORMATION PROTECTION

Information security

The Decision in Relation to Protection of Internet Security (《關於維護互聯網安全的決定》) enacted by SCNPC on December 28, 2000 and amended on August 27, 2009, provides that, among other things, the following activities conducted through the internet, if constituting

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a criminal act under the PRC laws, are subject to criminal punishment: (i) hacking into a computer system relating to state affairs, national defense or cutting-edge science and technology; (ii) intentionally inventing and spreading destructive programs such as computer viruses to attack the computer system and the communications network, thus damaging the computer system and the communications networks; (iii) violating state regulations, discontinuing the computer network or the communications service without authorization; (iv) leaking state secrets; (v) using the internet to market fake and substandard products or to carry out false publicity for any commodity or service; or (vi) infringing intellectual property rights through the internet.

On December 13, 2005, the Ministry of Public Security issued the Provisions on Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》), which took effect on March 1, 2006. These regulations, among other things, require internet service providers and organizations that use interconnection to implement and guarantee the functioning of technical measures for internet security protection, like technical measures for preventing any matter or act that may endanger network security, e.g., computer viruses, invasion or attacks to or destruction of the network, require all internet access service providers to take measures to keep a record of and preserve user registration information.

According to the Regulations of the People's Republic of China on the Security Protection of Computer Information System (《中華人民共和國計算機信息系統安全保護條例》), which were issued by the State Council on February 18, 1994 and amended on January 8, 2011, securing computer information systems includes safeguarding the computer and its related and supporting sets of equipment and facilities (including network), the operating environment and information and ensuring the normal performance of computer functions, so as to maintain the safe operation of computer information systems.

On June 22, 2007, the Ministry of Public Security, National Administration of State Secrets Protection, State Council Information Office (subsequently abolished) and State Cryptography Administration jointly promulgated the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》), under which the security protection of an information system may be classified into five grades. Companies operating or using information systems shall protect the information systems. As for an information system of Grade II or above which has been put into operation, its operator or user shall, within 30 days since the date when its security protection grade is determined, complete the record-filing procedures with the competent authority. For an information system of Grade II or above newly built, its operator or user shall, within 30 days after it is put into operation, complete the record-filing procedures with the competent authority.

Pursuant to the State Security Law of the PRC (《中華人民共和國國家安全法》), which was promulgated by the SCNPC on February 22, 1993 and last amended on July 1, 2015, the State shall develop network and information security assurance system, enhance network and information security assurance capabilities, strengthen innovative research and development and application of network and information technologies and realize the security and controllability of network and information core technologies, critical infrastructure and

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information systems and data in key areas; the State shall also enhance network management, prevent, deter and punish network criminal acts such as cyber-attacks, network intrusion, network theft and illegal spread of harmful information in order to safeguard the sovereignty, security and development interests of the state cyberspace.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), or the Cyber Security Law, which became effective on June 1, 2017, and stipulated that network operators shall comply with laws and regulations and fulfil their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures to safeguard the safe and stable operation of the networks.

On September 15, 2018, the Ministry of Public Security issued the Provisions on Internet Security Supervision and Inspection by Public Security Organs (《公安機關互聯網安全監督檢查規定》), or the Inspection Regulations, which took effect on November 1, 2018. Pursuant to the Inspection Regulations, public security authorities shall conduct supervision and inspection on the network operators that provide the following services: (1) internet connection, internet data centres, content distributions and domain name services; (2) internet information services; (3) public internet access services; and (4) other internet services. The inspection may relate to whether the network operators have fulfilled the cyber security obligations, such as to formulate and implement cybersecurity management systems and operational procedures, determine the person responsible for cybersecurity, and to take technical measures to record and retain user registration information and online log information etc.

On July 30, 2021, the State Council promulgated the Regulations for Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), or the CII Regulations, which became effective on September 1, 2021, referring “critical information infrastructures” as important network facilities and information systems in important industries and domains including public telecommunications, information services, energy sources, transportation, as well as those that may seriously endanger national security, national economy, people’s livelihood, or public interests in the event of damage, loss of function, or data leakage. The CII Regulations provide specific requirements for the responsibilities and obligations of the critical information infrastructure operators. Pursuant to the CII Regulations, the relevant government authorities are responsible for stipulating rules for the identification of critical information infrastructures with reference to several factors set forth therein and further identifying the critical information infrastructure in the related industries in accordance with such rules. The relevant authorities must also notify operators of the determination as to whether they are categorized as critical information infrastructure operators.

Pursuant to the Data Security Law of the PRC (《中華人民共和國數據安全法》) promulgated by the SCNPC on June 10, 2021, which became effective on September 1, 2021, or the Data Security Law, data processing activities (including the collection, storage, use, processing, transmission, provision and disclosure of data) shall be carried out in accordance with the provisions of laws and regulations, a whole-process data security management system should be established and improved, data security education and training should be organized

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and carried out, and corresponding technical measures and other necessary measures should be taken to ensure data security. The use of the internet and other information networks to carry out data processing activities shall fulfill the aforementioned data security protection obligations based on the network security hierarchical protection system. Processors of important data should specify the person responsible for data security and management agencies to implement data security protection responsibilities.

Pursuant to the Cyber Security Review Measures (2021) (《網絡安全審查辦法(2021)》) promulgated by the Cyberspace Administration of China, or the CAC, MIIT and certain authorities on December 28, 2021 and became effective on February 15, 2022, operators of critical information infrastructure purchasing network products and services, and online platform operators carrying out data processing activities that affect or may affect national security, shall conduct cyber security review. In addition, an online platform operator in possession of more than one million users' personal information must report to the cyber security review office for a cyber security review if it intends to list its securities abroad. Additionally, relevant governmental authorities in the PRC may initiate cybersecurity review if they determine an internet platform operator's network products or services or data processing activities affect or may affect national security.

On July 7, 2022, the CAC promulgated the Data Outbound Transfer Security Assessment Measures (《數據出境安全評估辦法》) (the "Measures"), which became effective on September 1, 2022. The Measures outline the requirements and procedures for security assessments on cross-border transfer of important data or personal information collected within the PRC. On March 22, 2024, the Provisions on Promoting and Regulating Cross-border Data Transfer (《促進和規範數據跨境流動規定》), or the Provisions on Cross-border Data Transfer, was proposed by the CAC and became effective, aiming to further regulate and facilitate the legal and orderly transfer of data. The Provisions on Cross-border Data Transfer clarify the circumstances where compliance requirements (such as data outbound transfer security assessment, the execution of personal information outbound transfer standard contract or personal information protection certification) are waived, and the circumstances where such compliance requirements shall be performed, in response to the confusion of various enterprises in practice. According to the Provisions on Cross-border Data Transfer, data processors are subject to security assessments conducted by the CAC prior to any cross-border transfers of important data and personal information, if falling under any of the following circumstances: (i) where the critical information infrastructure operator intends to provide important data or personal information overseas; (ii) where the data processor other than critical information infrastructure operators intends to provide important data overseas; (iii) where the data processor other than critical information infrastructure operators provides personal information (excluding sensitive personal information) of more than one million individuals or sensitive personal information of more than 10,000 individuals to overseas recipients accumulatively since January 1 of any given calendar year. The Guide to Applications for Security Assessment of Outbound Data Transfers (Second Edition) (《數據出境安全評估申報指南(第二版)》), promulgated and came into effect on March 22, 2024 by the CAC, further clarifies the scope of application, application method and process for security assessments for data outbound transfers.

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On December 8, 2023, the Administrative Measures on Reporting of Cybersecurity Incidents (Draft for Comment), or the Draft Measures on Reporting of Cybersecurity Incidents, was proposed by the CAC for public comments until January 7, 2024, which stipulates network operators that build and operate networks or provide services through networks within the territory of PRC shall report incidents that endanger cybersecurity accordingly.

Personal information protection

The Cyber Security Law also sets forth the principle of protecting personal information collected through internet, stipulating that network operators shall follow the principles of legality, rationality and necessity in collecting and using personal information, explicitly indicate the purposes, means and scope of collecting and using information, and obtain the consent of the persons whose information is collected. According to Decision of the SCNPC on Strengthening Information Protection on Networks (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) adopted on December 28, 2012, the state protects electronic information by which individual citizens can be identified and which involves the individual privacy of citizens. Network service providers and other enterprises and institutions shall, when gathering and using electronic personal information in business activities, adhere to the principles of legality, rationality and necessity, explicitly state the purposes, manners and scopes of the collection and use of information, and obtain the consent of those from whom information is collected, and shall not collect and use information in violation of laws and regulations and the agreement between both sides; strictly keep the electronic personal information collected in business activities confidential and may not divulge, alter, damage, sell, or illegally provide others with such information; take technical and other necessary measures to ensure information security and prevent the leakage, damage, or loss of personal electronic information collected in business activities; and take remedial measures immediately when information leakage, damage or loss occurs or may occur. All organisations and individuals shall not obtain electronic personal information of citizens by theft or any other illegal means and shall not sell or illegally provide others with electronic personal information of citizens.

On December 29, 2011 the MIIT issued the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which was effective since 15 March 2012, and sets forth that an internet information service provider shall not collect any personal information on a user or provide any such information to third parties without the user's consent. It must expressly inform the user of the method, content and purpose of the collection and processing of such user's personal information and shall only collect information to the extent necessary to provide its services. An internet information service provider is also required to properly maintain users' personal information, and in case of any leak or likely leak of such information, it must take immediate remedial measures and, in the event of a serious leak, report to the telecommunications regulatory authority immediately.

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On July 16, 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》), which took effect on September 1, 2013, to regulate the collection, use and security of users' personal information like users' name, date of birth, identity card number, address, telephone number, account number, passwords and other information with which the identity of the user can be distinguished independently or in combination with other information, as collected by telecommunications service operators and internet information service providers in the process of providing services. Specifically, i) the users' personal information shall not be collected without prior consent; ii) the personal information shall not be used for any other purpose other than providing service; iii) the personal information shall be kept strictly confidential; and iv) a series of detail measures shall be taken to prevent any divulge, damage, tamper or loss of personal information of users.

Pursuant to the Criminal Law of the PRC (《中華人民共和國刑法》), or the Criminal Law, issued by SCNPC on August 29, 2015 which became effective on November 1, 2015, and was latest amended on December 29, 2023, any internet service provider that fails to fulfill the obligations related to internet information security administration as required by applicable laws and regulations and refuses to rectify upon orders, shall be subject to criminal penalty for the consequences arising from: (i) any dissemination of illegal information on a large scale; (ii) any severe effect due to the leakage of the user's information; (iii) any serious loss of criminal evidence; or (iv) other severe situation. Any individual or entity that (a) sells or provides personal information to others in a way violating the applicable laws, or (b) steals or illegally obtains any personal information, shall be subject to criminal penalty in severe situation.

In addition, the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate of the PRC on Several Issues Concerning the Application of Law in Handling Criminal Cases of Infringing Personal Information, (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) issued on May 8, 2017 and effective on June 1, 2017, clarified certain standards for the conviction and sentencing of criminals in relation to personal information infringement, and clarified several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law, including "citizen's personal information", "providing citizen's personal information" and "illegally obtaining citizen's personal information by other methods."

On May 28, 2020, the National People's Congress of the PRC approved the Civil Code of the PRC (《中華人民共和國民法典》), or the Civil Code, which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain the personal information of others when necessary and ensure the safety of such personal information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally buy or sell, provide or make public the personal information of others.

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The Data Security Law has come into effect on September 1, 2021, which provides the requirements on establishing a sound data security management system when business operators carry out data processing activities and the relevant legal liabilities accruing from failure to perform the data security protection obligations stipulated by the requirements thereof.

On August 20, 2021, the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), or the Personal Information Protection Law was promulgated by the SCNPC and became effective on November 1, 2021. The Personal Information Protection Law provides for various requirements on personal information protection, including the legal basis for data collection and processing, requirements on data localization and cross-border data transfer, requirements for consent of personal data collection and processing, and requirements on processing sensitive personal information. The Personal Information Protection Law also provides that the customers shall be entitled to opt out of the information recommendation or commercial marketing to individuals conducted by means of automated decision-making, or to be provided simultaneously with options not specific to individuals' characteristics.

On February 22, 2023, the CAC issued the Measures on the Standard Contract for Outbound Data Transfer of Personal Information, or Personal Information Outbound Transfer Standard Contract Measures, which came into effect on June 1, 2023, and provide for circumstances where personal information processors may transfer personal information abroad by entering into a standard contract, and stipulated detailed compliance requirements.

On February 12, 2025, the CAC issued the Administrative Measures for Compliance Auditing of Personal Information Protection, or the Measures on Compliance Audits, which will come into effect on May 1, 2025. According to the Measures on Compliance Audits, “personal information protection compliance audits” means the examination and evaluation of whether the personal information processing activities by the personal information processors comply with laws and administrative regulations, and personal information processors who process the personal information of more than 10 million people shall conduct personal information protection compliance audits at least once every two years. Furthermore, the Measures on Compliance Audits enumerate the key focus when conducting “personal information protection compliance audits”.

Unauthorised calls and text messages

On May 19, 2015, MIIT issued the Provisions on the Administration of Communications Short Message Services (《通信短信息服务管理規定》), or the Short Message Provisions, which regulates that short message service providers and short message content providers may not send commercial short messages to users without the latter's consent or request, or shall stop sending such short messages to users when the latter clearly present their refusal after their consent. Where short message service providers or short message content providers request users to consent to receive commercial short messages, they shall explain the types, frequencies and time limit of the commercial short messages to be sent and other information.

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Where no reply is given by a user, it shall be deemed that the user refuses to receive the short message. Where any users explicitly refuse to receive commercial short messages or do not give replies, the short message service providers or short message content providers may not send to them the short messages that contain the same or similar contents once again. As to the port-based commercial short messages sent through their telecommunications networks, basic telecommunications business operators shall guarantee that the relevant users have consented or requested to receive the relevant short messages.

The Work Plans for Promoting the Special Campaign Program for Comprehensive Action against Unauthorised Calls (《關於推進綜合整治騷擾電話專項行動的工作方案》) was issued by MIIT and came into effect on October 27, 2018, pursuant to which, enterprises including basic telecommunications service providers and call centre service providers shall coordinate with the MIIT and its local authorities to control and rectify unauthorized calls, and call centre service provider shall strictly control the channels for unauthorized calls, including but not limit to (1) establish forbidden call lists so that the telemarketing calls could not reach those end users who have explicitly refused to be reached by telemarketing calls of a particular industry or business; and (2) strictly control the timing and frequency of active call-out and reserve the record of such call within a certain period of time (generally not less than 30 days).

On August 31, 2020, the MIIT promulgated the Administrative Provisions on Short Messaging and Voice Call Services (Draft for Comment) (《通信短信息和語音呼叫服務管理規定(徵求意見稿)》), which add requirements for voice call services and further clarify the service specifications of short message services and voice call services, on the basis of the Short Message Provisions. It requires that telemarketing calls shall not be made if users specifically refuse so.

LAWS AND REGULATIONS IN RELATION TO DIVIDEND DISTRIBUTION

In accordance with the Company Law, and the Foreign Investment Law, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. A PRC company, including foreign-invested enterprise, is required to set aside as general reserves at least 10% of its after-tax profit, until the cumulative amount of such reserves reaches 50% of its registered capital unless the provisions of laws regarding foreign investment otherwise provided, and shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise income tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the EIT Law

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Implementation Regulations, enterprises and other organizations with PRC-sourced income shall pay enterprise income tax. Under the EIT Law, enterprises are categorized into resident and non-resident enterprises. Resident enterprises, which are established in China, or which is established under the law of a foreign country (region) but has de facto management body inside China, are subject to the uniform 25.0% enterprise income tax rate for their global income. It is also provided that the enterprise income tax shall be levied at the reduced rate of 20.0% for qualified “small meagre-profit enterprises” and the enterprise income tax shall be levied at the reduced rate of 15.0% for “high and new technology enterprises” in key industries supported by the PRC government. In certain circumstances, the enterprise income tax may be exempted or reduced, or preferential enterprise income tax may be granted.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (《財政部、國家稅務總局關於實施小微企業普惠性稅收減免政策的通知》), during the period from January 1, 2019 to December 31, 2021, the annual taxable income of small low-profit enterprises that is not more than RMB1 million is subject to the preferential income tax rate of 20% followed by a 75% exemption. According to the Announcement on Implementation of Income Tax Incentives for Micro and Small Enterprises and Individually-owned Businesses (《關於實施小微企業和個體工商戶所得稅優惠政策的公告》) and the Announcement of the State Taxation Administration on Matters Concerning the Implementation of Preferential Income Tax Policies Supporting the Development of Small Low-Profit Enterprises and Individual Industrial and Commercial Households (《國家稅務總局關於落實支持小型微利企業和個體工商戶發展所得稅優惠政策有關事項的公告》), during the period from January 1, 2021 to December 31, 2022, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million is subject to the preferential income tax rate of 20% followed by an 87.5% exemption. According to the Notice of the MOF and the SAT on the Income Tax Incentives to Small and Micro Enterprises and Individually-owned Businesses (《財政部、國家稅務總局關於小微企業和個體工商戶所得稅優惠政策的公告》) and the Notice of the MOF and the SAT on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (財政部、稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告), which shall be in force from January 1, 2023 to December 31, 2027, for the annual taxable income of a small and low-profit enterprise, the portion not exceeding RMB1 million is subject to the preferential income tax rate of 20% followed by an 75% exemption.

Pursuant to the Measures for the Administration of the Accreditation of High-Tech Enterprises (Revised in 2016) (《高新技術企業認定管理辦法(2016修訂)》), which was promulgated by the Ministry of Science and Technology, Ministry of Finance and the SAT on January 29, 2016 and came into effect from January 1, 2016, high and new technology enterprises, which are accredited pursuant to these measures, may apply for entitlement to the tax preferential policies pursuant to the relevant provisions of the EIT Law and EIT Law Implementation Regulations. According to EIT Law and EIT Law Implementation Regulations, the income tax for high and new technology enterprises the industry of which is supported by the State will be at a reduced tax rate of 15%.

Dividend tax

According to the Agreement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) which was issued on August 21, 2006, the 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident company if such Hong Kong resident company directly holds at least 25% of the equity interests in the PRC company, otherwise the 10% withholding tax rate applies.

Pursuant to the Circular of the SAT on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) which took effect on February 20, 2009, all of the following requirements shall be satisfied in order to enjoy the preferential tax rates provided under the tax agreements: (i) the tax resident that receives dividends should be a company as provided in the tax agreement; (ii) the equity interests and voting shares of the PRC resident company directly owned by the tax resident reach the percentages specified in the tax agreement; and (iii) the equity interests of the Chinese resident company directly owned by such tax resident at any time during the twelve months prior to receiving the dividends reach the percentage specified in the tax agreement. On February 3, 2018, the SAT issued the Notice on Certain Issues regarding Beneficial Owner in Tax Treaties (《關於稅收協定中“受益所有人”有關問題的公告》) which took effect on April 1, 2018, providing clearer guidelines and adopting comprehensive assessment approaches on determining whether a company can be qualified as a beneficial owner.

Pursuant to the Administrative Measures for Convention Treatment for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》) promulgated by the SAT on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of “self-assessment, claiming benefits, retention of the relevant materials for future inspection.” Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and subject to subsequent administration by tax authorities.

Value-added tax

The Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994 which were subsequently amended on November 10, 2008 and came into effect on January 1, 2009 and amended on February 6, 2016 and November 19, 2017. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) was promulgated by the MOF on December 25, 1993 and subsequently amended on December 15, 2008 and October 28,

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2011, or collectively, VAT Laws. On November 19, 2017, the State Council promulgated The Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax (《關於廢止<中華人民共和國營業稅暫行條例>和修改<中華人民共和國增值稅暫行條例>的決定》), or the Order 691. According to the VAT Laws and Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real estate and the importation of goods within the territory of the PRC are the taxpayers of value-added tax, or the VAT. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%.

According to the Circular of the MOFCOM and the SAT on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), or the Value-added Tax Notice, which was promulgated on April 4, 2018 and became effective on May 1, 2018, where a taxpayer engages in value-added tax taxable sales activities or import of goods, the previous applicable value-added tax rates of 17% and 11% are adjusted to be 16% and 10% respectively.

According to the Circular on Policies to Deepen Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》), which was promulgated on March 20, 2019 and became effective on April 1, 2019, for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

REGULATION RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities in Accordance with Law, or the Opinions. The Opinions emphasized the need to strengthen the administration over illegal securities activities, and the need to strengthen the supervision over overseas listings by Chinese companies. Effective measures, such as promoting the construction of relevant regulatory systems will be taken to deal with the issues and risks relating to China-based companies listed overseas, and cybersecurity and data privacy protection requirements, among other things. The Opinions and any relevant implementation rules to be enacted may subject us to additional compliance requirement in the future.

On February 17, 2023, the CSRC released the Trial Administrative Measures of 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》), or the Overseas Listing Trial Measures and five supporting guidelines, which became effective on March 31, 2023. According to the Overseas Listing Trial Measures, (i) domestic companies that seek to offer or list securities overseas, either directly or indirectly, should fulfill the filing procedure and report relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual

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controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (ii) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (a) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (b) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (iii) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

Further, according to the Overseas Listing Trial Measures, an overseas offering or listing must not be undertaken if any of the following circumstances apply: (i) if the intended securities offering or listing is specifically prohibited by national laws or regulations; (ii) if the intended securities offering or listing may constitute a threat to or endangers national security as determined by competent authorities under the State Council in accordance with law; (iii) if, in the past three years, the PRC domestic companies or their controlling shareholders or actual controllers have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy; (iv) the PRC domestic companies are currently under investigation for suspected criminal offenses, or for suspected major violations, and no conclusion has yet been made thereof; or (v) if there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

According to the supporting guidelines of the Overseas Listing Trial Measures, the issuer (in the event of a direct overseas offering and listing) or its designated major PRC domestic operating entity (in the event of an indirect overseas offering and listing), shall make a timely report to the CSRC and update its CSRC filing within three business days after the occurrence of any of the following material events, if any of them occurs before the completion of the offering and/or listing: (i) any material change to principal business, licenses or qualifications of the issuer; (ii) any material change to equity structure or a change of control of the issuer; and (iii) any material change to the offering and listing plan.

In addition, pursuant to the Overseas Listing Trial Measures, an overseas listed company shall file with the CSRC within three business days after the completion of its follow-on offering on the same market, and an overseas listed company shall file with the CSRC within three business days after its application of its offering and listing on a different market. If an overseas listed company purchase PRC domestic entities' assets through a single or multiple acquisitions, share swaps, shares transfers or other means, and such purchase constitutes direct or indirect listing of PRC domestic assets, a filing with the CSRC is also required. In addition,

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an overseas listed company is required to report to the CSRC the occurrence of any of the following material events within three business days after the occurrence and announcement thereof: (i) a change of control of the listed company; (ii) the investigation, sanction or other measures undertaken by any foreign securities regulatory agencies or relevant competent authorities in respect of the listed company; (iii) a change of listing status or listing board; and (iv) the voluntary or mandatory delisting of the listed company. If there is any material change of the principal business of the listed company after the overseas offering and listing so that the listed company is no longer required to file with the CSRC, it shall file a specific report and a legal opinion issued by a domestic law firm to the CSRC within three business days after the occurrence hereof.

On February 24, 2023, the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《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》) was promulgated, or the Provision on Confidentiality, which became effective on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses documents and materials involving state secrets and working secrets of state organs, or Relevant Documents and Materials, to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses Relevant Documents and Materials through its overseas listing subjects, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall complete the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and out-of-country transfers shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), most recently amended on August 5, 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

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According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the SAFE and its branch offices and administrative offices shall oversee, regulate and inspect domestic companies regarding their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conduct involved in overseas listing. Domestic company shall, within 15 working days upon the end of its public offering overseas, handle registration formalities for overseas listing with the foreign exchange authority at its place of registration with the required materials. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the funds shall be consistent with the public disclosure documents.

On February 13, 2015, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), or the SAFE Circular 13, which took effect on June 1, 2015 and was amended on December 30, 2019. In accordance with the SAFE Circular 13, the banks will review and carry out foreign exchange registration under domestic direct investment as well as foreign exchange registration under overseas direct investment directly, and the SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

On March 30, 2015, SAFE issued the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19, which took effect on June 1, 2015. SAFE further issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16 and the Notice on Annulling five Foreign Exchange Management Normative Documents and clauses of seven Foreign Exchange Management Normative Documents (《國家外匯管理局關於廢止和失效5件外匯管理規範性文件及7件外匯管理規範性文件條款的通知》) which, among other things, amend certain provisions of SAFE Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties.

On October 23, 2019, SAFE issued the Circular of Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), and last amended on December 4, 2023 by the Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China,

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provided that such investments do not violate the 2021 Negative List and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements.

LAWS AND REGULATIONS RELATING TO COMPETITION AND ANTI-MONOPOLY

Anti-monopoly Law

The Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》), or the Anti-Monopoly Law, which was promulgated by the Standing Committee of the National People's Congress on August 30, 2007 and amended on June 24, 2022, prohibits monopolistic conduct such as entering into monopoly agreements, abuse of dominant market position and concentration of undertakings that have the effect of eliminating or restricting competition.

The monopoly agreements shall refer to the agreements, decisions or other concerted behaviors that may eliminate or restrict competition. Pursuant to the Anti-Monopoly Law, competing business operators may not enter into monopoly agreements that eliminate or restrict competition, by (i) joint boycotting transactions, (ii) fixing or changing the price of commodities, (iii) limiting the output of commodities, (iv) allocating the markets for sales or purchases of raw materials, (v) limiting the purchase of new technology and new facilities or the development of new products and new technology, (vi) fixing the price of commodities or restricting the lowest price of commodities for resale to third parties; or (vii) other acts identified by relevant governmental authorities, unless such agreement can satisfy the limited exemptions under the Anti-Monopoly Law. Sanctions for violations include an order to cease the relevant activities, and confiscation of illegal gains and fines (from 1% to 10% of sales revenue from the previous year, or up to RMB5,000,000 if there is no sales revenue from the previous year, or up to RMB3,000,000 if the intended monopoly agreement has not been performed).

The dominant market position shall refer to a market position where an operator may manipulate the price, volume and other trade conditions of commodities in a relevant market, or may obstruct or otherwise affect the entrance of other operators into relevant markets. Operators who hold the dominant market position are prohibited from engaging in such practices which may be classified as an abuse of said position as: (a) selling commodities at unfairly high or buying commodities at unfairly low prices, (b) selling commodities at a price lower than cost without justified reasons, (c) refusing to trade with relevant trading counterparts without justified reasons, (d) forcing the other trading counterparts to trade only

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with the said operator or its designated operators without justified reasons, (e) conducting tie-in sales or adding other unreasonable conditions on a deal without justified reasons, (f) discriminating among trading counterparts of the same qualifications with regard to trade price, etc. without justified reasons, or (g) other practices recognized by the enforcement authorities as abuse of dominant market position. Furthermore, where an operator violates the provisions of the Anti-Monopoly Law by abusing dominant market position, the enforcement authorities shall order such operator to stop the illegal activities, confiscate the illegal earnings, and impose a fine of 1% to 10% of the previous year's sales revenue.

The concentration of business operators refers to any of the following circumstances: (a) merger of business operators; (b) a business operator acquires control over other business operators by acquiring their equities or assets; or (c) a business operator acquires control over other business operators or is able to exert a decisive influence on other business operators by contract or any other means. Business operators shall declare in advance the concentration reaching the standards prescribed by the State Council to the enforcement agency of the State Council of Anti-monopoly Law, and otherwise, they shall not implement the concentration. Where a concentration of business operators does not reach the standards prescribed by the State Council, but there is evidence showing that the concentration has or may have the effect of eliminating or restricting competition, the enforcement agency of the State Council of Anti-monopoly Law under the State Council may request the operators to make a declaration. Where the business operators implement the concentration in violation of such requirements and the concentration has or may have the effect of eliminating or restricting competition, the enforcement agency of the State Council of Anti-monopoly Law shall order them to terminate the concentration, to dispose shares or assets, transfer the business or adopt other necessary measures to restore the market situation before the concentration within a time limit, and impose a fine of less than 10% of the sales revenue from the previous year. Where the business operators implement the concentration in violation of such requirements and the concentration does not have the effect of eliminating or restricting competition, a fine of less than RMB5,000,000 may be imposed.

Pursuant to the Provisions of the State Council on the Standard for Declaration of Concentration of Business Operators (《國務院關於經營者集中申報標準的規定》), promulgated by the State Council on August 3, 2008 and amended and effective on January 22, 2024, the concentration of business operators reaching the following standards shall be reported to the enforcement agency of the State Council of Anti-monopoly Law: (a) the total global turnover of all operators participating in the transaction exceeds RMB12 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year, or (b) the total turnover within China of all the operators participating in the transaction exceeded RMB4 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year.

In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the MOFCOM, the NDRC and the State Administration for Industry and Commerce, respectively.

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Since its inception, the SAMR has continued to strengthen its anti-monopoly enforcement. The SAMR issued the Notice on Anti-Monopoly Enforcement Authorization (《市場監管總局關於反壟斷執法授權的通知》) on December 28, 2018, which grants authorizations to the SAMR's provincial branches for anti-monopoly enforcement within their respective jurisdictions on September 11, 2020 and April 25, 2024 respectively, the Anti-monopoly Commission of the State Council further issued two Anti-Monopoly Compliance Guidelines for Operators (《經營者反壟斷合規指南》), which apply to operators under the Anti-Monopoly Law for establishing an anti-monopoly compliance management system and preventing anti-monopoly compliance risks.

On June 26, 2019, the SAMR issued the Provisions on Prohibiting Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》), which took effect on September 1, 2019 and amended on March 24, 2022, to further prevent and prohibit the abuse of dominant market positions. On February 7, 2021, the Anti-monopoly Commission of the State Council issued an Anti-Monopoly Guide for the Platform Economy Sector (《國務院反壟斷委員會關於平台經濟領域的反壟斷指南》), or the Guide. The Guide provides operational standards and guidelines to be applied in identifying certain monopolistic acts of internet platforms which are prohibited to restrict unfair competition and safeguard users' interests, including without limitation, prohibiting personalized pricing using big data and analytics, selling products below cost without reasonable causes, actions or arrangements seen as exclusivity arrangements, using technology means to block competitors' interface, and using bundle services to sell services or products.

Anti-unfair Competition Law

The Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-Unfair Competition Law, which was promulgated by the Standing Committee of the National People's Congress on September 2, 1993 and most recently amended on April 23, 2019, provides that operators shall abide by freewill, equality, fairness and good faith principle and comply with laws and business ethics. The online business operator is required to comply with the Anti-Unfair Competition Law as well, and such operator shall not, by utilizing technical methods to affect users' options, among others, conduct any activities interfering with or destroying other operator's online products or services.

According to the Anti-Unfair Competition Law, operators shall not undermine their competitors by engaging in improper activities, including but not limited to, market confusion, commercial bribery, misleading false publicity, infringement of trade secrets and illegitimate premium sale.

Any operators who violate the Anti-Unfair Competition Law by engaging in the unfair competitive activities shall be ordered to cease such illegal activities, eliminate the influence of such activities or compensate for the damages caused to any party. The competent supervision and inspection authorities may also confiscate the illegal gains or impose fines on such operators.

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REGULATIONS RELATED TO LEASING PROPERTIES

Pursuant to the Administration of Urban Real Estate Law of the PRC (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on July 5, 1994 and most recently amended on August 26, 2019 and came into effect on January 1, 2020, a written lease contract shall be entered into between the lessor and the lessee for leasing a property. The contract shall include the terms and conditions such as the term, purpose and price of leasing and liability for maintenance and repair, as well as other rights and obligations of both parties. The contract shall be filed for registration and record with the real estate administration department.

The Administrative Measures for Commercial House Leasing (《商品房屋租賃管理辦法》) were promulgated by Ministry of Housing and Urban-Rural Development on December 1, 2010, and became effective on February 1, 2011. These measures set out specific rules for commercial house leasing. Houses may not be leased in any of the following circumstances: (i) the house is an illegal structure; (ii) the house fails to meet mandatory engineering construction standards with respect to safety and disaster preventions; (iii) the house usage is changed in violation of applicable regulations; and (iv) other circumstances prohibited by laws and regulations. The lessor and the lessee shall register and file with the local competent authority within thirty days after entering into the lease contract. Noncompliance with such registration and filing requirements shall be subject to fines from RMB1,000 to RMB10,000 provided that they fail to rectify within required time limits.

The lease contract shall also comply with the provisions of the Civil Code. Pursuant to the Civil Code, the contents of a lease contract generally include terms such as the name, quantity and purpose of the leased property, lease term, rent as well as time limit and method for its payment, and maintenance of the leased property. An owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the laws. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Patent

Patents in the PRC are principally protected under the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the Standing Committee of the National People's Congress on March 12, 1984 and effective on April 1, 1985, and last amended on October 17, 2020 and effective on June 1, 2021, and its implementation rules. Novelty, inventiveness and practicality are three essential ingredients of an invention patent or a utility model patent in the PRC. Any design for which a patent is granted shall not be attributed to the existing design. The

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protection period is 20 years for an invention patent, 10 years for a utility model patent and 15 years for a design patent whose application date is after June 1, 2021 (included) or 10 years for a design patent whose application date is before May 31, 2021 (included), commencing from their respective application dates.

Copyright

The PRC Copyright Law (《中華人民共和國著作權法》), promulgated by the Standing Committee of the National People's Congress on September 7, 1990 and effective on June 1, 1991, and last amended on November 11, 2020 and effective on June 1, 2021, or the Copyright Law, and its related implementing regulations, are the principal laws and regulations governing copyright related matters. The Copyright Law provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright of their works. The "work" under the Copyright Law shall refer to ingenious intellectual achievements in the fields of literature, art and science that can be presented in a certain form, which includes but not limited to written works, oral works and computer software. Pursuant to the Copyright Law, the regulations for the protection of computer software shall be established separately by the State Council.

Pursuant to the Regulation on Computer Software Protection (《計算機軟件保護條例》) promulgated on June 4, 1991 by the State Council and last amended on January 30, 2013 and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on April 6, 1992 and last amended by the National Copyright Administration on February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Trademark

The PRC Trademark Law (《中華人民共和國商標法》) was issued by the Standing Committee of the National People's Congress on August 23, 1982 and became effective on March 1, 1983, and was last amended on April 23, 2019 and became effective on November 1, 2019. The implementation rules of the PRC Trademark Law (《中華人民共和國商標法實施條例》) were issued by the State Council on August 3, 2002 and became effective on September 15, 2002, and were amended on April 29, 2014 and became effective on May 1, 2014. Registered trademarks are protected under the Trademark Law of the PRC and related rules and regulations. The Trademark Office of National Intellectual Property Administration handles trademark registrations and grants a protection term of ten years commencing from the registration date to registered trademarks. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities

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or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for a renewable ten-year period commencing from the day after the expiry date of the last period of validity, unless otherwise revoked or failed to complete the renewal formalities.

Domain name

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was issued by the MIIT on August 24, 2017, and came into effect on November 1, 2017, MIIT is responsible for managing internet network domain names of China. The principle of “first-to-file” is adopted for domain name services. A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name, and verify the authenticity and completeness of the domain name registration information.

LAWS AND REGULATIONS RELATING TO LABOUR AND SOCIAL INSURANCE

Labor

The major PRC laws and regulations that govern employment relationship are the Labor Law of the PRC (《中華人民共和國勞動法》), or the Labor Law, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), or the Labor Contract Law, and the Implementation Regulations on Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), or the Implementation Regulations on Labor Contract Law.

The Labor Law was promulgated by the SCNPC on July 5, 1994 and was last amended on December 29, 2018 (the latest revised version became effective from December 29, 2018). The Labor Contract Law was promulgated by the SCNPC on June 29, 2007 and was amended on December 28, 2012 (the latest revised version became effective from July 1, 2013). The Implementing Regulations on Labor Contract Law were promulgated and became effective on September 18, 2008. These laws and regulations together stipulate the employment contracts, settlement of labor dispute, labor remuneration, protection of occupational safety and healthcare, social insurance and welfare, etc. Written labor contracts must be entered into in order to establish the labor relationship between employers and employees. Employers are also required to pay wages no lower than the local minimum wage standards to their employees.

In December 2012, the Labor Contract Law was amended to impose more stringent requirements on the use of dispatched workers. Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Insurance and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees.

Social insurance and housing provident fund regulations

The Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and amended on December 29, 2018, governs the PRC social insurance system. It requires employers and/or employees (as the case may be) to register social insurance with competent authorities and contribute required amount of social insurance funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance. Employers who failed to complete social insurance registration shall be ordered by the social insurance administrative authorities to make rectification within a stipulated period; where rectification is not made within the stipulated period, the employer shall be subject to a fine ranging from one to three times the amount of the social insurance premiums payable, and the person(s)-in-charge who is/are directly accountable and other directly accountable personnel shall be subject to a fine ranging from RMB500 to RMB3,000. Employers who failed to promptly contribute social insurance premiums in full amount shall be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, an employer shall make contribution registration with the housing provident fund management center and complete the formalities of opening housing provident fund accounts for its employees. Where an employer fails to undertake contribution registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. Where an employer is overdue in the payment of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment within a prescribed time limit; where the payment has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are an integrated cloud-based communications service and solution provider. We primarily offer three types of solutions: cloud-based communications services, smart communication solutions, and other communications solutions and accessories. Our solutions are dedicated to making communication easier. Cloud-based communications services can be accessed online through our platforms. Our solutions have been widely applied in various industries, such as internet services and software information services. For further details, see the section headed “Business” in this prospectus.

Our founder and our single largest shareholder, Mr. Piao, has been engaged in online internet software development and service business since the early 2000s and has accumulated financial resources and wealth therefrom. Throughout the development of the online software service, Mr. Piao accumulated knowledge and insights on internet communication services as part of the key components of serving customers online through internet. In particular, Mr. Piao was of the view that there were broad development potential and business opportunity in future cloud-based communication services and smart communication solutions. As such, Mr. Piao, through a nominee shareholding arrangement, together with Ms. Chen Xiaoqiong (陳曉瓊), an independent third party, established our Company in November 2008.

Riding on Mr. Piao’s experience in the information technology industry and expertise in software development, our Company commenced its major business operations in provision service in relation to adopting Public Switched Telephone Network and National Intelligent Network in 2009. Subsequent to the operation of our Company, we have developed our clientele on serving the demand to adopting Public Switched Telephone Network and National Intelligent Network to provide telecommunications service. For details of the background of Mr. Piao, see the section headed “Directors, Supervisors and Senior Management” in this prospectus.

In 2012, riding on the increasing demand for mobile Internet APP communications, our Company, as the pioneer in the PRC, commenced rapid development and operation of the new type cloud-based communications services. The Group’s decision to develop and focus to provide cloud-based communications services was driven by several key factors. Firstly, there was a significant and growing demand for Contact Center SaaS and Communication Platform as a Service from SOEs and private enterprises. These growing demands presented a lucrative opportunity for the Group to leverage its expertise on provision service in relation to adopting Public Switched Telephone Network and National Intelligent Network.

Leveraging our experience in cloud-based communications services, we have commenced to offer project-based communications solutions since May 2020. Our project-based communications solutions business focuses on the provision of an industrial application solution that utilizes and applies software and hardware solutions to enhance municipal governance and safety. This ability to leverage its knowledge and expertise in cloud-based communication services and smart communication solutions has enabled the Group to provide precise and tailored solutions that meet the specific and diversified needs of customers across different technology industries.

By offering Contact Center SaaS and CPaaS platform, the Group is able to capitalize on market opportunities to provide solutions that utilize software and hardware solutions to service a wide range of demands, such as municipal governance and safety to drive sustainable and continuous growth.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR BUSINESS MILESTONES

We set forth below our key business development and milestones:

Year	Milestone(s)
November 2008	Our predecessor company, Xunzhong Tongxin, was founded as a limited liability company in the PRC.
January 2009	We started our Contact Centre SaaS.
September 2011	Beijing Yunxun Science and Technology Co., Ltd. (北京雲訊科技有限公司) was established as a limited company in the PRC, and we started internet marketing.
August 2012	We pioneered the concept of cloud communications and started providing cloud communications services.
September 2012	We started our online CPaaS services.
October 2014	We were converted into a joint stock limited liability company and renamed as Beijing Xunzhong Communication Technology Co., Ltd. (北京訊眾通信技術股份有限公司).
June 2015	We were listed on the NEEQ (stock code: 832646).
February 2017	We established our video conferencing business department.
May 2018	We acquired Huali Daxing, and gradually formed our PaaS + SaaS + contact center omnichannel + contact center operation services development model.
July 2020	We started operating IOT business.
November 2020	We established an operating base in Suzhou City in the PRC.
April 2021	We established a digital industrial base in Liaoyang and an operation center in Shanghai.
April 2022	We set up operation centers in Deyang, Hefei, Ma'an Shan and Xuzhou in the PRC respectively.
May 2023	We launched a RCS to build a digital base of communications capabilities and solutions, and we established an operation center in Chengdu in the PRC.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR CORPORATE HISTORY AND DEVELOPMENT

The following sets forth the corporate history and shareholding changes of our Company:

Establishment of Our Company and Early Development of our Company

On November 20, 2008, our Company was established with an initial registered capital of RMB10 million and was held as to 50% by Mr. Piao by way of nominee shareholding arrangement and Ms. Chen Xiaoqiong (“**Ms. Chen**”), an investor, who got acquainted with Mr. Piao through introduction by Mr. Piao’s friend and the shareholder of our Company, Mr. Niu Jie.

As Ms. Chen is aware of Mr. Piao’s business plan to commence business in the SME SaaS service industry, Ms. Chen decided to invest in our Company due to the business prospects and growth potential of the industry, and accordingly Ms. Chen has contributed 50% of the total registered capital of the Company.

At the time of establishment of the Company, as Mr. Piao would like to devote his time on the initial business development and operation and dedicate to focus on the SaaS technology development, which is the backbone and fundamental foundation to the primary services and solutions that we are currently providing to our customers, Mr. Piao decided to hold his interests in the Company through a nominee shareholding arrangement, with Mr. Guan Peiyi (“**Mr. Guan**”) holding 50% of the equity interest of the Company as a nominee of Mr. Piao, for administrative convenience purpose in handling the corporate administration matters. Mr. Piao has entrusted Mr. Guan, taking into account (i) the long-term relationship of trust between Mr. Piao, Ms. Rao Fang, the ex-wife of Mr. Piao, and Mr. Guan, being the uncle of Ms. Rao Fang; and (ii) Mr. Guan’s identity as a PRC individual who ordinarily reside in PRC, which Mr. Piao is of the view that Mr. Guan, being a nominee of him, could facilitate the Company’s handling of onsite corporate-related matters, communication with administrative bureau and departments in Beijing, and exercise of shareholders’ rights and benefits on behalf of Mr. Piao during the incubation period of the Company. Upon establishment of the Company, Mr. Piao and Ms. Chen contributed their corresponding registered capital based on their beneficial ownership and the Company was beneficially owned as to 50% and 50%, respectively.

On October 13, 2009, Ms. Chen informed Mr. Piao about her plan to divest her investment in the Company due to her decision to immigrate permanently to overseas, hence entered into an equity transfer agreement with Ms. Rao at a consideration of RMB5 million. The consideration was determined after arm’s length negotiations with reference to the then registered capital of the Company contributed by Ms. Chen and was fully settled by Ms. Rao on the date with the filing records of the change of beneficial ownership being reflected. Upon completion of the share transfer, the Company was beneficially owned by Mr. Piao and Ms. Rao as to 50% and 50%, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On November 9, 2011, due to Mr. Guan's retirement, Mr. Piao decided to terminate the nominee shareholding arrangement. Mr. Guan and Mr. Piao therefore entered into an equity transfer agreement, pursuant to which Mr. Guan transferred the 50% equity interest of the Company beneficially owned by and held on behalf of Mr. Piao back to Mr. Piao at nil consideration. Throughout the nominee shareholding arrangement, Mr. Guan followed Mr. Piao's instructions in respect of all decisions made in shareholders' meetings, and all dividends distributed by the Company during the nominee shareholding arrangement period were paid to Mr. Piao as the beneficial owner.

Taking into account the equity transfer of the 50% equity interest of the entrusted shares of the Company held by Mr. Guan, Mr. Piao and Ms. Rao have decided to rationalize the family shareholding interest by consolidating their corresponding business interests to the responsible person of the family. Ms. Rao has previously established a medical consulting service company. Given the Company is solely managed and operated by Mr. Piao, and in view of Ms. Rao's detached engagement in the Company and her intention to focus on the business of her own medical consulting service company, Ms. Rao entered into an equity transfer agreement with Mr. Piao, pursuant to which Ms. Rao agreed to transfer her entire 50% equity interest in the Company to Mr. Piao at nil consideration. Upon completion of the share transfers by Mr. Guan and Ms. Rao, the Company was wholly owned by Mr. Piao.

Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company

(a) Equity Transfer in September 2013

On September 18, 2013, Mr. Piao entered into eight equity transfer agreements with the key employees and former employees in order to recognize their contributions to the development of the Company's business and to assist the Company in retaining such employees. Pursuant to the equity transfer agreements, Mr. Piao transferred 20% of the shareholding interests of the Company, representing 2,000,000 shares to eight (8) selected employees of the Company, including: (i) Mr. Niu Jie — 400,000 shares (4%); (ii) Mr. Yue Duanpu — 400,000 shares (4%); (iii) Mr. Zhao Junjie — 400,000 shares (4%); (iv) Ms. Chen Limei — 200,000 shares (2%); (v) Mr. Gangjirigetü — 200,000 shares (2%); (vi) Mr. Wang Peide — 200,000 shares (2%); (vii) Mr. Xu Pang — 100,000 shares (1%); (viii) Mr. Jia Qi — 100,000 shares (1%).

All of the above employees were senior management members of the Company at the time of the share transfer, and the total consideration paid for the 20% equity transfer was RMB 2,000,000 which was determined based on RMB1 per registered share for each corresponding share transfer as mentioned above.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The capital structure of our Company upon completion of above equity transfers are set forth as follows:

Shareholders	Registered share capital subscribed	Corresponding equity interest in our Company
	(RMB)	(%)
Mr. Piao	8,000,000	80
Mr. Niu Jie	400,000	4
Mr. Yue Duanpu	400,000	4
Mr. Zhao Junjie.	400,000	4
Ms. Chen Limei	200,000	2
Mr. Gangjirigetu	200,000	2
Mr. Wang Peide.	200,000	2
Mr. Xu Pang.	100,000	1
Mr. Jia Qi	100,000	1
Total.	10,000,000	100

Conversion into a Joint Stock Limited Company

In preparation of our application for listing on the NEEQ, and pursuant to shareholders' resolutions dated June 11, 2014 and a promoters' agreement dated June 11, 2014 entered into by all the then Shareholders, all promoters of our Company (being all the then nine (9) Shareholders) agreed to convert our Company from a limited liability company into a joint stock limited company. According to an audit report of our Company prepared by Beijing Xinghua Certified Public Accountants LLP (Special General Partnership) (北京興華會計師事務所(特殊普通合夥)) dated May 10, 2014, the audited net assets value of our Company as of December 31, 2013 amounted to RMB10,320,691.45, among which (i) RMB10,000,000 was converted into 10,000,000 Shares with a nominal value of RMB1.0 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion; and (ii) the remaining amount of RMB320,691.45 was recorded as capital reserves of our Company. The conversion was completed on October 11, 2014 when our Company obtained a new business license and was renamed as Beijing Xunzhong Communication Technology Co., Ltd. (北京訊眾通信技術股份有限公司).

Block Trade Investors' Equity Transactions in relation to divestment and investment

During the period between December 2019 and November 2021 (the “**Block Trade Investors' Equity Transactions Period**”), Ms. Hu Jiali (胡家莉) (“**Ms. Hu**”) and the divesting investor and new investor(s) conducted various of block trade transfers of our Company's shares through the NEEQ platform based on their independent, arm's length negotiations (the “**Block Trade Investors' Equity Transactions**”). Further details of the Block Trade Investors' Equity Transactions are as follows:

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Our Company had been exploring the possibility of seeking an initial public offering in the PRC. For details, see “– Previous Application for Listing and Latest Preliminary Filing in BSE” in this section. In late 2019, our Company decided to proceed with the A-share listing attempt, as Everbright Ziyu was not able to complete the relevant procedures to facilitate the A-share listing attempt due to its internal administrative reasons for not being able to complete the requisite filings needed to qualify for participation in the A-share listing and to become an A-share shareholder and based on its internal assessment it was uncertain when and whether such qualification requirements could be satisfied, and the requisite filings for Everbright Ziyu could be completed, therefore Everbright Ziyu had expressed its intention for an immediate exit. Our Company has therefore initiated work to locate new investors by arranging preliminary investor meetings to invest in our Company in view of expanding the shareholder’s base and in anticipation of the implementation of the A-share listing attempt.

Subsequent to the several ongoing investor meetings held with different potential investors, among which, Suzhou Historic and Cultural City Development Venture Capital and Mr. Zhang Huaian (張懷安) expressed interest to consider to proceed with the investment matter. In the meantime, the Company’s general manager of the executive department and also a shareholder of the Company, Ms. Hu, by attending the discussion at several executive meetings of the Company, is aware of the intention of Everbright Ziyu to exit immediately and the intention of new potential investors to invest. Ms. Hu has expressed her interest and requested financial assistance to invest in the Company as she has confidence in the business prospects and growth potential of the industry, by capitalizing on the intermittent investment opportunity derived from the immediate exit decision of Everbright Ziyu, she has decided to further invest in the Company’s shares by acquiring the equity interest held by Everbright Ziyu and consider to sell down her investing shares based on arm’s length negotiation to the new investors acquired from Everbright Ziyu when the investment of the investors were confirmed and materialized.

Considering Ms. Hu’s long-term service and contribution to the Company and her status as a shareholder, Mr. Piao has arranged and provided financial assistance to her for her own investment and introduced Mr. Luo Jian Bo (羅建波) (“**Mr. Luo**”), the investor relationship manager of the Company, to line up Everbright Ziyu and Ms. Hu to facilitate the transfer of the divestment shares held by Everbright Ziyu to Ms. Hu and the investment shares held by Ms. Hu to potential investor(s). Ms. Hu confirmed that, the negotiations and completion of the equity transfers in relation to divestment and investment as mentioned below were negotiated and agreed subsequently between herself and the corresponding investors directly.

During the Block Trade Investors’ Equity Transactions Period, with Ms. Hu acting as the buyer in the NEEQ trading platform to implement the Block Trade Investors’ Equity Transactions:

- Everbright Ziyu transferred 2,954,545 shares to Ms. Hu at a consideration of RMB31.62 million based on Everbright Ziyu’s investment cost and the historical share price of the Company quoted on NEEQ.

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During the Block Trade Investors' Equity Transactions Period, with Ms. Hu acting as the seller in the NEEQ trading platform to implement the Block Trade Investors' Equity Transactions:

- Ms. Hu transferred 1,350,000 shares to Suzhou Historic and Cultural City Venture Capital at a consideration of RMB20 million based on the Company's financial position and the historical share price of our Company quoted on NEEQ.
- Ms. Hu transferred 1,600,000 shares to Mr. Zhang Huaian at a consideration of RMB17.56 million based on our Company's financial position and the historical share price of our Company quoted on NEEQ.

Upon completion of the Block Trade Investors' Equity Transactions, Ms. Hu held 26,145 shares of the Company, which included the 4,545 shares subscribed by Ms. Hu upon completion of the Everbright Ziyu transaction, which were not transferred to Suzhou Historic and Cultural City Development Venture Capital and Mr. Zhang Huaian as part of the Block Trade Investors' Equity Transactions. Ms. Hu confirmed that she has retained all the realized investment returns generated from the Block Trade Investors' Equity Transactions and repaid the financial assistance to Mr. Piao originated for the purpose of making the original investment with Everbright Ziyu.

Our Directors have confirmed, and the PRC Legal Advisors is of the view, that the Block Trade Investors' Equity Transactions had been in all material respects in compliance with the applicable rules and regulations of the NEEQ and PRC Company Law and PRC Securities Law.

Major Shareholding Changes after Conversion into a Joint Stock Limited Company

(a) Quotation and listing on the NEEQ

On June 2, 2015, our Company received approval for listing of its Shares on the NEEQ. On June 16, 2015, all issued Shares of our Company were listed on the NEEQ under the stock code of 832646.

(b) 2015 August Allotment

On July 11, 2015, our then Shareholders resolved to issue and allot a total of 1,764,704 Shares to Unicom Innovation, Tianxing Shuimu, Oriental Huagai and Guohua Huijin at an issue price of RMB17 per Share (the **"2015 December Allotment"**), which was determined after arm's length negotiation. Amongst the 1,764,704 issued shares, (i) Unicom Innovation subscribed for 588,235 Shares at a total consideration of RMB9,999,995.00, which was fully settled by Unicom Innovation by cash on July 15, 2015; (ii) Tianxing Shuimu subscribed for 470,588 Shares at a total consideration of RMB7,999,996.00, which was fully settled by Tianxing Shuimu by cash on August 27, 2015; (iii) Oriental Huagai subscribed for 411,764 Shares at a total consideration of RMB6,999,988.00, which was fully settled by Oriental Huagai by cash on July 15, 2015; and (iv) Guohua Huijin subscribed for 294,117 Shares at a

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

total consideration of RMB4,999,989.00, which was settled by Guohua Huijin by cash on July 15, 2015. According to a capital verification report issued by Beijing Xinghua Certified Public Accountants LLP (Special General Partnership) (北京興華會計師事務所(特殊普通合夥)) dated September 6, 2015, the consideration for 2015 December Allotment had been fully settled by Unicom Innovation, Tianxing Shuimu, Oriental Huagai and Guohua Huijin as of August 28, 2015.

In connection with the 2015 December Allotment, our registered capital increased from RMB10,000,000 to RMB11,764,704 on December 18, 2015. Upon completion of various share transfers on the NEEQ and the 2015 December Allotment, the Company had a total of 13 Shareholders, and the shareholding structure of our Company was as follows:

Shareholders	Number of Shares	Corresponding equity interest in our Company (%)
Mr. Piao	8,000,000	68.00
Mr. Niu Jie	400,000	3.40
Mr. Yue Duanpu	400,000	3.40
Mr. Zhao Junjie	400,000	3.40
Ms. Chen Limei	200,000	1.70
Mr. Gangjiritu	200,000	1.70
Mr. Wang Peide	200,000	1.70
Mr. Xu Pang	100,000	0.85
Mr. Jia Qi	100,000	0.85
Unicom Innovation	588,235	5.00
Tianxing Shuimu	470,588	4.00
Oriental Huagai	411,764	3.50
Guohua Huijin	294,117	2.50
Total	11,764,704	100.00

(c) 2016 Conversion of Capital Reserves into Share Capital

On April 21, 2016, our then Shareholders resolved to convert our capital reserves into share capital with issuance of twenty (20) bonus shares for every ten (10) existing shares to our then Shareholders (the “**2016 Conversion of Capital Reserves into Share Capital**”).

In connection with the 2016 Conversion of Capital Reserves into Share Capital, our registered capital increased from RMB11,764,704 to RMB35,294,112 on December 30, 2016. Upon completion of various share transfers on the NEEQ and the 2016 Conversion of Capital Reserves into Share Capital, the shareholding structure of our Company was as follows:

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholders	Number of Shares	Corresponding equity interest in our Company (%)
Mr. Piao	23,892,000	67.69
Mr. Niu Jie	1,200,000	3.40
Mr. Yue Duanpu	1,200,000	3.40
Mr. Zhao Junjie.	900,000	2.55
Ms. Chen Limei	600,000	1.70
Mr. Gangjirigetü	600,000	1.70
Mr. Wang Peide.	600,000	1.70
Unicom Innovation	1,764,705	5.00
Tianxing Shuimu	1,360,764	3.86
Oriental Huagai.	1,235,292	3.50
Guohua Huijin	882,351	2.50
Other Shareholders on the NEEQ	1,059,000	3.00
Total.	35,294,112	100.00

(d) 2017 January Allotment

On December 29, 2016, our then Shareholders resolved to issue and allot up to 3,308,820 Shares at an issue price of RMB13.60 per Share, which was determined after arm's length negotiation, and 2,573,400 Shares was actually issued and allotted (the “**2017 August Allotment**”). Amongst the 2,573,400 issued shares, (i) Unicom Innovation subscribed for 707,400 Shares at a total consideration of RMB9,620,640.00, which was fully settled by Unicom Innovation by cash on January 4, 2017; (ii) Huagai Zhuoxin subscribed for 375,000 Shares at a total consideration of RMB5,100,000.00, which was fully settled by Huagai Zhuoxin by cash on January 5, 2017; (iii) Dingfeng Mingde subscribed for 367,650 Shares at a total consideration of RMB5,000,040.00, which was fully settled by Dingfeng Mingde by cash on January 5, 2017; (iv) Beijing Xingyuan subscribed for 367,500 Shares at a total consideration of RMB4,998,000.00, which was settled by Beijing Xingyuan by cash on January 5, 2017; (v) Huagai Venture Capital subscribed for 360,300 Shares at a total consideration of RMB4,900,080.00, which was settled by Huagai Venture Capital by cash on January 5, 2017; (vi) Dingfeng Mingdao subscribed for 191,175 Shares at a total consideration of RMB2,599,980.00, which was settled by Dingfeng Mingdao by cash on January 5, 2017; (vii) Dingfeng Mingdao No. 1 Fund subscribed for 176,475 Shares at a total consideration of RMB2,400,060.00, which was settled by Dingfeng Mingdao No. 1 Fund by cash on January 5, 2017; and (viii) Beijing Qianyi subscribed for 27,900 Shares at a total consideration of RMB379,440.00, which was settled by Beijing Qianyi by cash on January 5, 2017. According to a capital verification report issued by Beijing Xinghua Certified Public Accountants LLP (Special General Partnership) (北京興華會計師事務所(特殊普通合夥)) dated February 10, 2017, the consideration for 2017 August Allotment had been fully settled by Unicom Innovation, Huagai Zhuoxin, Dingfeng Mingde, Beijing Xingyuan, Huagai Venture Capital, Dingfeng Mingdao, Dingfeng Mingdao No. 1 Fund and Beijing Qianyi as of January 6, 2017.

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In connection with the 2017 August Allotment, our registered capital increased from RMB35,294,112 to RMB37,867,512 on August 9, 2017. Upon completion of various share transfers on the NEEQ and the 2017 August Allotment, the Company had a total of 57 Shareholders, and the shareholding structure of our Company was as follows:

Shareholders	Number of Shares	Corresponding equity interest in our Company (%)
Mr. Piao	18,870,000	49.83
Mr. Niu Jie	1,125,000	2.97
Mr. Yue Duanpu	1,200,000	3.17
Ms. Chen Limei	600,351	1.59
Mr. Gangjirigetü	588,000	1.55
Mr. Wang Peide	599,000	1.58
Oriental Huagai	1,235,292	3.26
Unicom Innovation	2,748,105	7.26
Huagai Zhuoxin	375,000	0.99
Dingfeng Mingde	367,650	0.97
Beijing Xingyuan	375,500	0.99
Huagai Venture Capital	360,300	0.95
Dingfeng Mingdao	191,175	0.50
Dingfeng Mingdao No. 1 Fund	421,475	1.11
Beijing Qianyi	41,900	0.11
Other Shareholders on the NEEQ	8,768,764	23.17
Total	37,867,512	100.00

(e) 2017 September Allotment

On May 24, 2017, our then Shareholders resolved to issue and allot up to 6,313,131 Shares at an issue price of RMB15.84 per Share, which was determined after arm's length negotiation, and 6,313,129 Shares was actually issued and allotted (the “**2017 November Allotment**”). Amongst the 6,313,129 issued shares, (i) Everbright Ziyu subscribed for 1,641,414 Shares at a total consideration of RMB25,999,997.76, which was fully settled by Everbright Ziyu by cash on June 20, 2017; (ii) Lianchuang Innovation subscribed for 1,262,626 Shares at a total consideration of RMB19,999,995.84, which was fully settled by Lianchuang Innovation by cash on July 12, 2017; (iii) Zhuhai Rongyi subscribed for 1,262,626 Shares at a total consideration of RMB19,999,995.84, which was fully settled by Zhuhai Rongyi by cash on June 23, 2017; (iv) Hangzhou Qianhai subscribed for 631,313 Shares at a total consideration of RMB9,999,997.92, which was settled by Hangzhou Qianhai by cash on June 13, 2017; (v) Beijing Longde subscribed for 631,313 Shares at a total consideration of RMB9,999,997.92, which was settled by Beijing Longde by cash on June 28, 2017; (vi) Chongqing Chongbao Chuangrui subscribed for 568,181 Shares at a total consideration of RMB8,999,987.04, which was settled by Chongqing Chongbao Chuangrui by cash on June 29, 2017; and (vii) Hangzhou Pan Cattle subscribed for 315,656 Shares at a total consideration of RMB4,999,991.04, which was settled by Hangzhou Pan Cattle by cash on June 28, 2017.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

According to a capital verification report issued by Beijing Xinghua Certified Public Accountants LLP (Special General Partnership) (北京興華會計師事務所(特殊普通合夥)) dated September 14, 2017, the consideration for 2017 November Allotment had been fully settled by Everbright Ziyu, Lianchuang Innovation, Zhuhai Rongyi, Hangzhou Qianhai, Beijing Longde, Chongqing Chongbao Chuangrui and Hangzhou Pan Cattle as of July 15, 2017.

In connection with the 2017 November Allotment, our registered capital increased from RMB37,867,512 to RMB44,180,641 on November 6, 2017. Upon completion of various share transfers on the NEEQ and the 2017 November Allotment, the Company had a total of 107 Shareholders, and the shareholding structure of our Company was as follows:

Shareholders	Number of Shares	Corresponding equity interest in our Company (%)
Mr. Piao	16,097,000	36.43
Mr. Niu Jie	1,025,000	2.32
Mr. Yue Duanpu	1,140,000	2.58
Ms. Chen Limei	590,351	1.34
Mr. Gangjirigetü	534,000	1.21
Mr. Wang Peide	539,000	1.22
Unicom Innovation	2,748,105	6.22
Oriental Huagai	1,235,292	2.80
Huagai Zhuoxin	375,000	0.85
Dingfeng Mingde	367,650	0.83
Beijing Xingyuan	369,500	0.84
Dingfeng Mingdao	191,175	0.43
Dingfeng Mingdao No. 1 Fund	421,475	0.95
Beijing Qianyi	41,900	0.10
Everbright Ziyu	1,641,414	3.72
Lianchuang Innovation	1,262,626	2.86
Zhuhai Rongyi	1,262,626	2.86
Hangzhou Qianhai	631,313	1.43
Beijing Longde	631,313	1.43
Chongqing Chongbao Chuangrui	568,181	1.29
Hangzhou Pan Cattle	631,656	1.43
Other Shareholders on the NEEQ	11,876,064	27.58
Total	44,180,641	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(f) 2017 Conversion of Capital Reserves into Share Capital

On November 1, 2017, our then Shareholders resolved to convert our capital reserves into share capital with issuance of eight (8) bonus shares for every ten (10) existing shares to our then Shareholders (the “**2018 Conversion of Capital Reserves into Share Capital**”).

In connection with the 2018 Conversion of Capital Reserves into Share Capital, our registered capital increased from RMB44,180,641 to RMB79,525,153 on June 13, 2018. Upon completion of various share transfers on the NEEQ and the 2018 Conversion of Capital Reserves into Share Capital, the Company had a total of 107 Shareholders, and the shareholding structure of our Company was as follows:

Shareholders	Number of Shares	Corresponding equity interest in our Company (%)
Mr. Piao	28,074,600	35.30
Mr. Niu Jie	1,665,000	2.09
Mr. Yue Duanpu	2,052,000	2.58
Ms. Chen Limei	1,062,632	1.34
Mr. Gangjirigetu	959,400	1.21
Mr. Wang Peide.	970,200	1.22
Oriental Huagai.	2,223,525	2.80
Huagai Zhuoxin	675,000	0.85
Dingfeng Mingde.	661,770	0.83
Beijing Xingyuan	665,100	0.84
Dingfeng Mingdao.	344,115	0.43
Dingfeng Mingdao No. 1 Fund.	758,655	0.95
Beijing Qianyi	75,420	0.09
Everbright Ziyu.	2,954,545	3.72
Lianchuang Innovation	7,219,316	9.08
Zhuhai Rongyi	2,272,727	2.86
Hangzhou Qianhai	1,136,363	1.43
Beijing Longde	1,136,363	1.43
Chongqing Chongbao Chuangrei.	1,022,726	1.29
Hangzhou Pan Cattle	1,136,981	1.43
Other Shareholders on the NEEQ	22,458,715	28.24
Total.	79,525,153	100.00

(g) 2021 January Allotment

On June 28, 2019, our then Shareholders resolved to issue and allot up to 6,630,000 Shares at an issue price of RMB15.09 per Share, which was determined after arm’s length negotiation, and 5,168,986 Shares was actually issued and allotted (the “**2021 January Allotment**”). Suzhou Historic and Cultural City Development Group subscribed such 5,168,986 Shares at a total consideration of RMB77,999,998.74, which was fully settled by

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Suzhou Historic and Cultural City Development Group by cash on December 24, 2019. According to a capital verification report issued by Beijing Xinghua Certified Public Accountants LLP (Special General Partnership) (北京興華會計師事務所(特殊普通合夥)) dated December 30, 2019, the consideration for 2021 January Allotment had been fully settled by Suzhou Historic and Cultural City Development Group as of December 24, 2019.

In connection with the 2021 January Allotment, our registered capital increased from RMB79,525,153 to RMB84,694,139 on January 13, 2021. Upon completion of various share transfers on the NEEQ and the 2021 January Allotment, the Company had a total of 164 Shareholders, and the shareholding structure of our Company was as follows:

Shareholders	Number of Shares	Corresponding equity interest in our Company (%)
Mr. Piao	24,984,600	29.50
Mr. Niu Jie	1,332,000	1.57
Mr. Yue Duanpu	2,052,000	2.42
Ms. Chen Limei	1,062,632	1.25
Mr. Gangjirigetu	750,400	0.89
Mr. Wang Peide	970,200	1.15
Oriental Huagai	2,223,525	2.63
Huagai Zhuoxin	675,000	0.80
Dingfeng Mingde	47,770	0.06
Beijing Xingyuan	167,100	0.20
Dingfeng Mingdao	344,115	0.41
Dingfeng Mingdao No. 1 Fund	758,655	0.90
Beijing Qianyi	75,420	0.09
Everbright Ziyu	2,954,545	3.49
Lianchuang Innovation	7,219,316	8.52
Zhuhai Rongyi	2,272,727	2.68
Hangzhou Qianhai	1,136,363	1.34
Beijing Longde	1,136,363	1.34
Chongqing Chongbao Chuangrei	1,022,726	1.21
Hangzhou Pan Cattle	1,136,981	1.34
Suzhou Historic and Cultural City Development Group	5,168,986	6.10
Other Shareholders on the NEEQ	27,202,715	32.11
Total	84,694,139	100.00

(h) 2022 March Allotment

On July 27, 2021, our then Shareholders resolved to issue and allot up to 6,630,000 Shares at an issue price of RMB15.09 per Share, which was determined after arm's length negotiation, and 6,620,152 Shares was actually issued and allotted (the “**2022 March Allotment**”). Amongst the 6,620,152 issued shares, (i) Huiyuan AIA subscribed for 1,656,700 Shares at a total consideration of RMB24,999,603.00, which was fully settled by Huiyuan AIA

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by cash on March 3, 2022; (ii) Hualong Jincheng subscribed for 1,650,000 Shares at a total consideration of RMB24,898,500.00, which was fully settled by Hualong Jincheng by cash on March 3, 2022; (iii) Deyang Western Digital subscribed for 1,325,382 Shares at a total consideration of RMB20,000,014.38, which was fully settled by Deyang Western Digital by cash on March 3, 2022; (iv) Xuzhou Science and Technology subscribed for 662,690 Shares at a total consideration of RMB9,999,992.10, which was settled by Xuzhou Science and Technology by cash on March 3, 2022; (v) Wutong Holding subscribed for 662,690 Shares at a total consideration of RMB9,999,992.10, which was settled by Wutong Holding by cash on March 3, 2022; and (vi) Anhui Lianyuan Capital subscribed for 662,690 Shares at a total consideration of RMB9,999,992.10, which was settled by Anhui Lianyuan Capital by cash on March 3, 2022. According to a capital verification report issued by Dahua Certified Public Accountants LLP (Special General Partnership) (大華會計師事務所(特殊普通合夥)) dated March 5, 2022, the consideration for 2022 April Allotment had been fully settled by Huiyuan Youbang, Hualong Jincheng, Deyang Western Digital, Xuzhou Science and Technology, Wutong Holding and Anhui Lianyuan Capital as of March 3, 2022.

In connection with the 2022 March Allotment, our registered capital increased from RMB84,694,139 to RMB91,314,291 on April 8, 2022. Upon completion of various share transfers on the NEEQ and the 2022 March Allotment, the Company had a total of 586 Shareholders, and the shareholding structure of our Company was as follows:

Shareholders	Number of Shares	Corresponding equity interest in our Company (%)
Mr. Piao	24,984,600	27.36
Mr. Niu Jie	990,041	1.08
Mr. Yue Duanpu	2,052,000	2.25
Ms. Chen Limei	1,062,632	1.16
Mr. Gangjirigetu	300,359	0.33
Mr. Wang Peide.	783,590	0.86
Oriental Huagai.	2,223,525	2.44
Huagai Zhuoxin	675,000	0.74
Beijing Xingyuan	168,100	0.18
Dingfeng Mingdao.	344,115	0.38
Dingfeng Mingdao No. 1 Fund.	758,655	0.83
Beijing Qianyi	75,420	0.08
Lianchuang Innovation	7,219,316	7.91
Zhuhai Rongyi	502,727	0.55
Hangzhou Qianhai	1,136,363	1.24
Chongqing Chongbao Chuangrei.	1,022,726	1.12
Hangzhou Pan Cattle	1,136,981	1.25
Suzhou Historic and Cultural City Development Group	5,168,986	5.66
Other Shareholders on the NEEQ	40,709,155	44.58
Total.	91,314,291	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRC Legal Advisors' confirmation

As advised by our PRC Legal Advisor, our Company has made necessary procedures from NEEQ or made all necessary registration or filings with the relevant local branch of the State Administration for Market Regulation (國家市場監督管理總局) in respect of the Pre-IPO Investments in material aspects set out above.

PREVIOUS APPLICATION FOR LISTING AND LATEST PRELIMINARY FILING IN BSE

In view of the growing potential of stock market in the PRC and our Company's financial needs for business development, our Company proposed to apply for listing on the BSE. Details of which are listed as below.

(a) 2022 A-Share Listing Application

Our Company engaged a sponsor (the **"2022 A Share Application Sponsor"**) and submitted an application for listing of our shares on the main board of the BSE to the CSRC in June 2022 (the **"2022 A-Share Listing Application"**), and BSE accepted our application in June 2022. Subsequent to the application of the 2022 A-Share Listing Application, there were follow up procedures from authority initiated on another listed company unrelated to our Company (the **"Unrelated Listed Company A"**) which was previously sponsored by the 2022 A Share Application Sponsor. In view of the uncertainty on the outcome, duration and impact of such follow up procedures on the Unrelated Listed Company A and the 2022 A Share Application Sponsor, the Company voluntarily decided to suspend the listing application. During our preparation for the 2022 A-Share Listing Application, save for the reasons as disclosed above, we did not encounter any material difficulties or legal impediments which led us to suspend the preparation for the 2022 A-Share Listing Application.

To the best of our Directors' knowledge, our Directors are not aware of (1) any other matters relating to the 2022 A-Share Listing Application that are relevant to the Listing and should be reasonably highlighted in this prospectus for investors to form an informed assessment of our Company; (2) any other matters relating to the 2022 A-Share Listing Application that may have implications on our Company's suitability for listing on the Stock Exchange or on the truthfulness, accuracy and completeness of information disclosed in this prospectus; (3) any disagreement or dispute between us and the professional parties involving in the 2022 A-Share Listing Application; and (4) any other matters that need to be brought to the attention of the Stock Exchange and investors in Hong Kong in relation to the 2022 A-Share Listing Application.

Based on the due diligence work conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with the Directors' views disclosed above. The Sole Sponsor is also of the view that there is no other matter arising from the 2022 A-Share Listing Application which ought to be brought to the attention of the Stock Exchange.

(b) 2023 Pre-Listing Tutoring

In view of the growing potential of BSE stock market in the PRC, the Company entered into a tutoring agreement with another agency (“**Tutoring Agency A**”) in preparation for the A-share listing application on BSE and made a preliminary filing (上市輔導備案) with the Beijing office of CSRC (中國證券監督管理委員會北京監管局) in July 2023 (the “**2023 Pre-Listing Tutoring**”) which did not constitute a listing application with the CSRC. The scope of the pre-listing tutorial provided by the BSE stock market in the PRC, among others, include the provision of comprehensive training to the Company’s directors, supervisors, senior management and shareholders on their obligations and duties, as well as the inspection and supervision of the Company’s corporate governance and internal control measures. During the tutoring period, we did not encounter any disagreements with the professional parties or the CSRC. However, in consideration of the reasons as set out in “Reasons for Seeking the Listing on the Stock Exchange” and the uncertainty of the A-share listing timetable, we decided to devote our resources on the listing on the Stock Exchange and temporarily put on hold our preparation of A-Share listing.

Our Directors and the Sole Sponsor confirmed that there is nothing material relating to 2023 Pre-Listing Tutoring that may affect the Company’s suitability for listing on the Stock Exchange or that are required to be brought to the attention of the Stock Exchange.

Reasons for Seeking the Listing on the Stock Exchange

Our Shares are currently listed on the NEEQ. In view of a long term expectation of business growth of our Company, we are seeking a listing of our H Shares on the Stock Exchange, in order to (1) raise proceeds and support the business development and product upgrading of our Company; (2) increase the working capital of our Company; and (3) further enhance our Company’s image and global reputation. For further details of our future plans, see the section headed “Future Plans and Use of Proceeds” in this prospectus.

The Directors of our Company is of the following opinion that the listing on the Stock Exchange would be consistent with the business development strategy of our Group and beneficial to our Company and Shareholders, based on the following reasons:

- (1) The Stock Exchange is an ideal listing venue for our Company, with its strong business links with Chinese investors and business partners and its leading role in international finance markets. The reliable source of capital to fund our business growth is vital for us as the leading Cloud-based Communication Solutions provider in the PRC. The Stock Exchange provides us with direct access to international capital markets, enhances our financing capabilities and channels, and broadens our shareholder base;
- (2) Listing on the Stock Exchange would help us attract and motivate the talent we need to grow rapidly, to retain key managers with our Company, and to consistently improve our operational efficiency; and

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- (3) Listing on the Stock Exchange would further enhance our business profile and international recognition, increase our brand awareness and competitiveness, thereby enhancing our ability to attract new clients, business partners and strategic investors and facilitate our global expansion.

Our Directors confirm, and the Sole Sponsor concurred that we have not experienced any material non-compliance of the rules and requirements of NEEQ (in respect of our Shares that are listed on NEEQ) from the commencement of the listing on the NEEQ and up to the Latest Practicable Date.

Our Company confirms, and the Sole Sponsor concurred that we had not been subject to material administrative penalty, administrative supervision measures or self-regulatory measures by the NEEQ or other competent securities regulatory authorities from the commencement of listing on the NEEQ and up to the Latest Practicable Date.

PRE-IPO INVESTMENTS

Overview

Set forth below is a summary of the Pre-IPO Investments in our Company who remained as our Shareholders as of the Latest Practicable Date.

Relevant investment	Nature of investment	Pre-IPO Investor(s)	Date of investment ⁽¹⁾	Total consideration paid (RMB)	Investment cost per Share ⁽²⁾ (RMB)	Date of settlement of full consideration	Discount/Premium to the Offer Price ⁽³⁾
Series A Investment	Capital injection	Oriental Huagai	July 15, 2015	6,999,988.00	17.00	July 15, 2015	21.68%
Series B Investment	Capital injection	Beijing Qianyi	January 5, 2017	379,440.00	13.60	January 5, 2017	-2.65%
Series C Investment ⁽⁴⁾	Capital injection	Beijing Xingyuan	January 5, 2017	4,998,000.00	13.60	January 5, 2017	-2.65%
		Lianchuang Innovation	July 12, 2017	19,999,995.84	15.84	July 12, 2017	13.38%
		Zhuhai Rongyi	June 23, 2017	19,999,995.84	15.84	June 23, 2017	13.38%
Series D Investment ⁽⁴⁾	Capital injection	Hangzhou Qianhai	June 13, 2017	9,999,997.92	15.84	June 13, 2017	13.38%
		Chongqing Chongbao Chuangrui	June 29, 2017	8,999,987.04	15.84	June 29, 2017	13.38%
		Hangzhou Pan Cattle	June 28, 2017	4,999,991.04	15.84	June 28, 2017	13.38%
		Suzhou Historic and Cultural City Development Group	December 24, 2019	77,999,998.74	15.09	December 24, 2019	8.01%

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Relevant investment	Nature of investment	Pre-IPO Investor(s)	Date of investment ⁽¹⁾	Total consideration paid (RMB)	Investment cost per Share ⁽²⁾ (RMB)	Date of settlement of full consideration	Discount/Premium to the Offer Price ⁽³⁾
Series E Investment ⁽⁴⁾	Capital injection	Huiyuan AIA	March 3, 2022	24,999,603.00	15.09	March 3, 2022	8.01%
		Wutong Holding	March 3, 2022	9,999,992.10	15.09	March 3, 2022	8.01%
		Xuzhou Science and Technology	March 3, 2022	9,999,992.10	15.09	March 3, 2022	8.01%
		Anhui Lianyuan Capital	March 3, 2022	9,999,992.10	15.09	March 3, 2022	8.01%
		Deyang Western Digital	March 3, 2022	20,000,014.38	15.09	March 3, 2022	8.01%
		Hualong Jincheng	March 3, 2022	24,898,500.00	15.09	March 3, 2022	8.01%

Notes:

- (1) The date of investment refers to the date when the registration and filing of such investment with local Administration for Industry and Commerce or local Administration for Market Regulation was completed.
- (2) The investment cost per Share equals the total consideration paid by the Pre-IPO Investors in each Pre-IPO Investment divided by either (i) the registered capital transferred or subscribed by them; or (ii) the number of Shares acquired by them immediately following their respective Pre-IPO Investment.
- (3) The discount/premium to the Offer Price is calculated based on the assumption that the Offer Price is HK\$14.35 per Offer Share, being the mid point of the indicative Offer Price range of HK\$13.55 and HK\$15.15.
- (4) The valuations of the Company in Series C Investment, Series D Investment and Series E Investment were approximately RMB699.8 million, RMB1,278.0 million and RMB1,377.9 million respectively and there was no descending trend in the Company's valuation.

In late 2017, the then Shareholders of the Company resolved to convert the Company's capital reserves into share capital with issuance of 8 bonus shares for every 10 existing shares of the Company ("2018 Conversion of Capital Reserves into Share Capital"), such that the number of shares of the Company increased from 6,313,129 to 44,180,641. Therefore, even with an increase in the then valuations of the Company, considering the dilution effect of the 2018 Conversion of Capital Reserves into Share Capital, the investment costs per Share in Series D Investment and Series E Investment, each being RMB15.09 per Share, therefore appear to be lower than Series C Investment, being RMB15.84 per Share.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Principal terms of the Pre-IPO Investments

Set forth below is a summary of the details of the Pre-IPO Investments:

Basis of determining the consideration	The considerations for the equity transfers and each round of the Pre-IPO Investments were determined based on arm's length negotiation amongst the respective Pre-IPO Investors and our Group after taking into consideration of the timing of the investments, the respective business operations, financial performance and prospects of the business of our Group.
Use of proceeds	Out of the Pre-IPO Investments, our Company received proceeds from capital injections, namely Series A Investment, Series B Investment, Series C Investment, Series D Investment and Series E Investment, which amounted to approximately RMB254.28 million. As of the Latest Practicable Date, the entire net proceeds from the Pre-IPO Investments received by our Company were utilized for the development and operation of our business.
Strategic benefits of the Pre-IPO Investors brought to our Company	Our Group was of the view that we could benefit from the additional funds provided by our Pre-IPO Investors for our daily operation, as well as the insight for industry, the knowledge and experience of the Pre-IPO Investors. The investments from our Pre-IPO Investors demonstrated their confidence in our Group's operations and capabilities and served as an endorsement of our Group's performance and prospects. Also, our Pre-IPO Investors include experienced investors and investment funds in the areas of technology industry, who can share their insight and professional advice on our Group's operation and business strategies.
Lock-up	The Pre-IPO Investors are not subject to lock-up restrictions.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Special rights granted to the Pre-IPO Investors

In connection with the pre-IPO investments, certain of our Pre-IPO Investors were granted certain special rights, including, among others, (1) share repurchase right; (2) price adjustment right; (3) profit guarantee; and (4) right of no more favorable terms. As of the date on which the Company submitted to the Stock Exchange its first listing application dated July 26, 2024 (the “First Listing Application”), all special rights granted to our Pre-IPO Investors were terminated by way of: 1) all Pre-IPO Investors (except one Pre-IPO Investor, as stipulated in 2 below) in accordance with the terms of the original pre-IPO investment agreements, which specified that the all special rights expired at least 28 clear days preceding the date of the First Listing Application; and 2) one Pre-IPO Investor by entering into a supplemental agreement dated May 15, 2024, which terminated all the special rights as stipulated in the corresponding original Pre-IPO Investment agreements with immediate effect on the same date.

The special rights, including (1) price adjustment rights; (2) profit guarantee; and (3) right of no more favourable terms, are granted in the original Pre-IPO investment agreements entered into with the Pre-IPO Investors. Meanwhile, the share repurchase rights are only granted under agreements entered into between certain Shareholders and our single largest Shareholder, Mr. Piao, and the Company is not a party to those agreements granting the share repurchase rights.

Share Repurchase Rights

Share repurchase rights is only subject to agreements between certain Shareholders and our single largest Shareholder, Mr. Piao. The Company is not a party to the agreements. The terms stipulate that if the Company fails to complete qualified IPO by a specified date or other repurchase conditions such as the Company is unable to comply with the listing requirements, the withdrawal/rejection/return/lapse of the listing application made by the Company, certain Shareholders shall resume their right to request Mr. Piao (rather than the Company) to repurchase their Shares. Considering that the Company has no obligation to repurchase the Shares, no redemption liability was recorded during the Track Record Period.

As confirmed by the Company: 1) there are no other side arrangements between the Company and the Pre-IPO investors or between the Company and Mr. Piao regarding share repurchase rights; and 2) the Company did not provide any guarantee on the share repurchase rights as granted by Mr. Piao in the aforementioned agreements in case of default by Mr. Piao. As confirmed by our single largest Shareholder, Mr. Piao, there are no other side arrangements between Mr. Piao and the Pre-IPO investors regarding share repurchase rights.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Background of our principal Pre-IPO Investors

Below sets out the background information of our Pre-IPO Investors.

(a) *Oriental Huagai*

Oriental Huagai is a limited liability company incorporated in the PRC on December 30, 2013 and is primarily engaged in investment and asset management. Oriental Huagai is held by Beijing Dongcheng District State-owned Capital Operation Co., Ltd. (北京市東城區國有資本運營有限公司) with an approximate 28.57% interest and Beijing Zhongguancun Venture Capital Development Co., Ltd. (北京中關村創業投資發展有限公司) with an approximate 4.76% interest. As both entities are ultimately beneficially owned by the Beijing SASAC, Oriental Huagai is controlled by the Beijing SASAC with an approximate 33.33% interest. None of the remaining shareholders of Oriental Huagai hold 30% or more equity interest in Oriental Huagai. Mr. Piao holds 1.90% of equity interest in Oriental Huagai.

(b) *Lianchuang Innovation*

Lianchuang Innovation is a limited partnership established in the PRC on June 28, 2017, and is primarily engaged in equity investment and consulting services. Lianchuang Innovation is managed by its managing partner, China Unicom Innovation Equity Investment Management (Chengdu) Co., Ltd. (聯通創新股權投資管理(成都)有限公司), which is primarily engaged in investment management and consulting services and is held by Guoli Equity Investment (Wuhan) Partnership (L.P.) (國力股權投資(武漢)合夥企業(有限合夥)) as to 45%, Unicom Innovation as to 40% and Fujian Guoli Minsheng Technology Development Co., Ltd. (福建國力民生科技發展有限公司) as to 15%. Lianchuang Innovation has six (6) limited partners, each an Independent Third Party, and the largest limited partner is Fujian Guoli Minsheng Technology Development Co., Ltd. (福建國力民生科技發展有限公司), holding approximately 64.19% of its equity interests. The ultimate beneficial owners of Fujian Guoli Minsheng Technology Development Co., Ltd. are Mr. Hang Jianying (杭建英) and Mr. Lu Qingwen (陸秋文), who jointly hold approximately 55.09% of its equity interests. None of the other limited partners of Lianchuang Innovation hold 30% or more equity interest in Lianchuang Innovation.

(c) *Hangzhou Qianhai*

Hangzhou Qianhai is a limited partnership established in the PRC on June 11, 2015, and is primarily engaged in venture capital management and consulting business. Hangzhou Qianhai is managed by its managing partner, Hangzhou Wanghe Investment Co., Ltd. (杭州網和投資管理有限公司) which is primarily engaged in venture capital business and is 100% held by Zheshang Venture Capital Co., Ltd. (浙商創投股份有限公司), whose shares are listed on NEEQ (stock code: 834089). Hangzhou Qianhai has two (2) limited partners, and the largest limited partner is Hangzhou Hehai Venture Capital Partnership (Limited Partnership) (杭州和海創業投資合夥企業(有限合夥)), holding approximately 79.40% of its equity interests. None of the shareholders in Hangzhou Hehai Venture Capital Partnership (Limited Partnership) hold 30% or more equity interest in it. None of the other limited partners of Hangzhou Qianhai hold 30% or more equity interest in Hangzhou Qianhai.

(d) Chongqing Chongbao Chuangrui

Chongqing Chongbao Chuangrui is a limited partnership established in the PRC on March 9, 2016, and is primarily engaged in equity investment, investment management and asset management businesses. Chongqing Chongbao Chuangrui is managed by its managing partner, Chongqing Cultural Creative Private Equity Investment Fund Management Co., Ltd. (重慶文化創意私募股權投資基金管理有限責任公司), which is primarily engaged in private equity investment fund management and is held by Ningbo Wenling Enterprise Management Consulting Partnership (L.P.) (寧波文瓴企業管理諮詢合夥企業(有限合夥)) as to 60%, Chongqing Daily Press Group Industry Co., Ltd. (重慶日報報業集團產業有限責任公司) as to 22% and Chongqing Wenrong Investment Co., Ltd. (重慶文融投資有限公司) as to 18%. Chongqing Chongbao Chuangrui has four (4) limited partners, and the largest limited partner is Chongqing Daily Press Group Industry Co., Ltd. (重慶日報報業集團產業有限責任公司), holding approximately 59.10% of its equity interests. The ultimate beneficial owners of Chongqing Daily Press Group Industry Co., Ltd. is Chongqing Daily Newspaper Group (重慶日報報業集團), which holds approximately 85.67% of its equity interests. None of the other limited partners of Chongqing Chongbao Chuangrui hold 30% or more equity interest in Chongqing Chongbao Chuangrui.

(e) Hangzhou Pan Cattle

Hangzhou Pan Cattle is a limited partnership established in the PRC on November 18, 2016, and is primarily engaged in investment management and industrial investment. Hangzhou Pan Cattle is managed by Funcity Asset Management Co., Ltd. (浙江泛城資產管理有限公司) which is primarily engaged in assets management and management consulting services and is held by Mr. Chen Weixing as to 90% and Chen Xiaoliang as to 10%. Hangzhou Pan Cattle has eight (8) limited partners, and the largest limited partner is Hangzhou Jihong Trade Co., Ltd. (杭州際紅貿易有限公司), holding approximately 37.50% of its equity interests. The ultimate beneficial owner of Hangzhou Jihong Trade Co., Ltd. is Mr. Wang Jihong (王際紅), who holds approximately 52.91% of its equity interests. None of the remaining limited partners of Hangzhou Pan Cattle hold 30% or more equity interests in Hangzhou Pan Cattle.

(f) Suzhou Historic and Cultural City Development Group

Suzhou Historic and Cultural City Development Group is a limited liability company incorporated in the PRC on June 27, 2011 and is primarily engaged in cultural artwork management, information technology development, marketing planning and municipal landscaping, construction and installation works. Suzhou Historic and Cultural City Development Group is wholly-owned by Suzhou Gusu District People's Government State-owned (Collective) Assets Supervision and Administration Office (蘇州市姑蘇區人民政府國有(集體)資產監督管理辦公室).

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(g) *Huiyuan AIA*

Huiyuan AIA is a limited liability company incorporated in the PRC on July 7, 2009 and is primarily engaged in information services and technology development, consulting, transfer and promotion services. Huiyuan AIA is wholly-owned by Beijing Huiyuan Technology Co., Ltd (北京匯元網科技股份有限公司), whose shares are listed on the NEEQ (Stock code: 832028).

(h) *Anhui Lianyuan Capital*

Anhui Lianyuan Capital is a limited liability company incorporated in the PRC on June 13, 2010 and is primarily engaged in venture capital and equity investment, consulting and management. Anhui Lianyuan Capital is held by Shenzhen Zhongtou Investment Holdings Company Limited (深圳市中投投資控股有限公司) as to approximately 55.56%. The ultimate beneficial owner of Shenzhen Zhongtou Investment Holdings Company Limited is Mr. Cai Quan (蔡權), who holds approximately 99.00% of its equity interests. None of the remaining shareholders of Anhui Lianyuan Capital hold 30% or more equity interests in Anhui Lianyuan Capital.

(i) *Deyang Western Digital*

Deyang Western Digital is a limited partnership established in the PRC on June 10, 2021, and is primarily engaged in equity investment, investment management and asset management. Deyang Western Digital is managed by its managing partner, Nanchang Hangke Huantai Enterprise Management Co., Ltd. (南昌市航科寰泰企業管理有限公司) (“**Hangke Huantai**”). Hangke Huanatai is held by Zhang Caiying as to 80% and Xu Guoyin as to 20%. Deyang Western Digital has three (3) limited partners, Nanchang Zhuangqiu Enterprise Management Center (Limited Partnership) (南昌壯秋企業管理中心(有限合夥)), which is primarily engaged in enterprise management and consulting services and Deyang Xingchan Equity Investment Fund Partnership (Limited Partnership) (德陽市興產股權投資基金合夥企業(有限合夥)), which is primarily engaged in equity investment, investment management and assets management. They hold approximately 49.50% and 49.00% of equity interests in Deyang Western Digital respectively. The ultimate beneficial owner of Nanchang Zhuangqiu Enterprise Management Center (Limited Partnership) is Ms. Zhang Caiying (張彩英), who holds approximately 79.30% of its equity interests.

(j) *Hualong Jincheng*

Hualong Jincheng is a limited liability company incorporated in the PRC on February 12, 2018 and is primarily engaged in investment activities. Hualong Jincheng is wholly-owned by China Dragon Securities Co., Ltd. (華龍證券股份有限公司), whose shares are listed on the NEEQ (Stock code: 835337).

To the best knowledge and belief of our Directors after making reasonable enquiries, each of our Pre-IPO Investors and its respective ultimate beneficial owners is an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Sole Sponsor's Confirmation

On the basis that (i) the consideration for the Pre-IPO Investments was settled at least 28 clear days prior to the date of the first submission of our Company's Listing application form to the Stock Exchange; and (ii) all special rights which have been granted to the Pre-IPO Investors as disclosed in "Special rights granted to our Pre-IPO Investors" above have been terminated or ceased prior to the submission of Listing application and will not survive after Listing, the Sole Sponsor is of the view that the Pre-IPO Investments are in compliance with paragraphs 3-4 and 11-13 of Chapter 4.2 (Pre-IPO Investments) of the Guide.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the principal business of our Group had been carried out by our Company and our four subsidiaries in the PRC. Set out below are the major corporate developments including major changes in the shareholding structure and the registered capital of our subsidiaries during the Track Record Period:

(a) Yunxun Science and Technology

Yunxun Science and Technology was established in the PRC on September 14, 2011 with an initial registered capital of RMB1 million. Since its establishment, Yunxun Science and Technology has been directly wholly-owned by our Company and there has been no change in its ownership structure. Yunxun Science and Technology has increased its initial registered capital from RMB1 million to RMB10 million in February 2017.

As of the Latest Practicable Date, Yunxun Science and Technology is principally engaged in the provision of cloud-based communication services.

(b) Zhongmai Communication

Zhongmai Communication was established in the PRC on February 7, 2017 with an initial registered capital of RMB10 million. Since its establishment, Zhongmai Communication has been directly wholly-owned by our Company and there has been no change in its registered capital and ownership structure.

As of the Latest Practicable Date, Zhongmai Communication is principally engaged in the provision of intelligent other communications services and accessories and project-based communications solutions.

(c) Yunyan Tianchuang

Yunyan Tianchuang was established in the PRC on March 30, 2017 with an initial registered capital of RMB10 million. As of the date of its establishment, Yunyan Tianchang was wholly-owned by Mr. Song Changhuai (宋長槐) who is an Independent Third Party. Pursuant to the equity transfer agreement dated December 25, 2018 entered into between Mr. Song Changhuai and our Company, our Company acquired the entire equity interest of Yunyan

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Tianchuang from Mr. Song Changhuai at a consideration of RMB160,000, which was determined based on arm's length negotiation with reference to the nominal value of the shares of Yunyan Tianchuang, and was fully settled on December 27, 2018. Upon completion of such acquisition, Yunyan Tianchuang became our wholly-owned subsidiary. Since its establishment, there has been no change in the registered capital of Yunyan Tianchuang.

As of the Latest Practicable Date, Yunyan Tianchuang is principally engaged in the provision of cloud IoT services.

(d) Huali Daxing

Huali Daxing was established in the PRC on November 10, 2014 with an initial registered capital of RMB0.2 million. Since its establishment, Huali Daxing has undergone several equity transfers. As of the Latest Practicable Date, Huali Daxing was owned as to (i) 70% by our Company since July 1, 2020; and (ii) 30% by Mr. Peng Liang (彭亮) who is a director of Huali Daxing and a connected person of the Company at the subsidiary level. Huali Daxing has increased its initial registered capital from RMB0.2 million to RMB10 million in June 2017.

As of the Latest Practicable Date, Huali Daxing is principally engaged in the provision of contact center outsourcing.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and as of the Latest Practicable Date, our Group did not have any major acquisitions, disposals or mergers.

PUBLIC FLOAT

Our Domestic Shares listed on NEEQ are not counted towards our public float for the purpose of Rule 8.08 of the Listing Rules. Shares to be issued pursuant to the Listing (assuming Over-allotment Option is not exercised), 25% of the total issued H Shares issued upon Listing will be counted towards the public float of the Company.

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CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised):

Shareholders	Types of Shares ⁽¹⁾	Number of Shares	Ownership percentage as of the Latest Practicable Date and immediately prior to completion of the Global Offering (approximately)	Ownership percentage immediately after completion of the Global Offering (approximately)
Mr. Piao	Domestic Shares	24,984,600	27.36%	20.52%
Oriental Huagai	Domestic Shares	2,223,525	2.44%	1.83%
Beijing Qianyi	Domestic Shares	75,420	0.08%	0.06%
Beijing Xingyuan	Domestic Shares	168,100	0.18%	0.14%
Lianchuang Innovation	Domestic Shares	7,219,316	7.91%	5.93%
Zhuhai Rongyi	Domestic Shares	502,727	0.55%	0.41%
Hangzhou Qianhai	Domestic Shares	1,136,363	1.24%	0.93%
Chongqing Chongbao Chuangrui	Domestic Shares	1,022,726	1.12%	0.84%
Hangzhou Pan Cattle	Domestic Shares	1,136,981	1.25%	0.94%
Suzhou Historic and Cultural City Development Group ⁽²⁾	Domestic Shares	8,128,986	8.90%	6.68%
Huiyuan AIA	Domestic Shares	1,656,700	1.81%	1.36%
Wutong Holding	Domestic Shares	662,690	0.73%	0.55%
Xuzhou Science and Technology	Domestic Shares	662,690	0.73%	0.55%
Anhui Lianyuan Capital	Domestic Shares	1,242,690	1.36%	1.02%
Deyang Western Digital	Domestic Shares	1,325,382	1.45%	1.09%
Hualong Jincheng	Domestic Shares	1,650,000	1.81%	1.36%
Mr. Zhang Huaian	Domestic Shares	2,445,942	2.68%	2.01%
Mr. Yue	Domestic Shares	2,052,000	2.25%	1.68%
Other Shareholders on the NEEQ	Domestic Shares	33,017,453	36.16%	27.12%
Investors taking part in the Global Offering	H Shares	30,440,000	—	25%
Total		121,754,291	100.00%	100.00%

Notes:

- (1) For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.
- (2) Among 8,128,986 Shares held by Suzhou Historic and Cultural City Development Group, 2,960,000 Shares are indirectly held through its wholly-owned subsidiary of Suzhou History Cultural Famous City Development Venture Capital Co., Ltd., which represents ownership percentage as of the Latest Practicable Date and immediately prior to completion of the Global Offering of approximately 3.24% and ownership percentage immediately after completion of the Global Offering of approximately 2.43%, 5,168,986 Shares are directly held by Suzhou Historic and Cultural City Development Group, which represents ownership percentage as of the Latest Practicable Date and immediately prior to completion of the Global Offering of approximately 5.66% and ownership percentage immediately after completion of the Global Offering as of 4.25%.

CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE GLOBAL OFFERING

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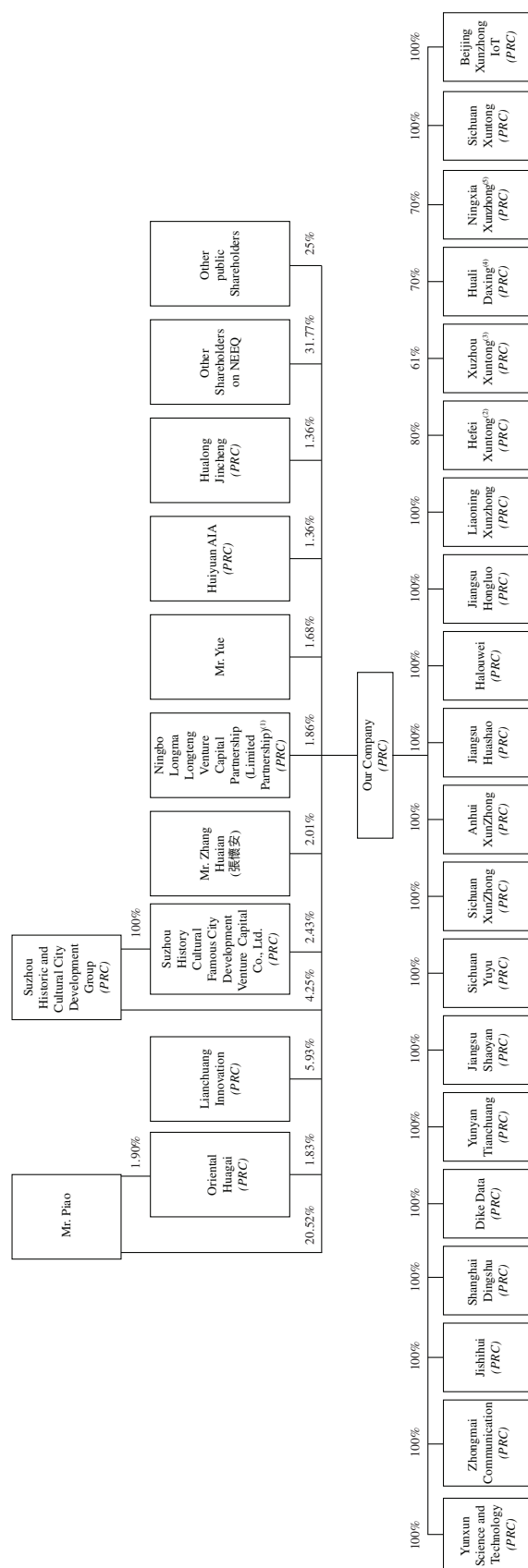
(1) Ningbo Longma Longteng Venture Capital Partnership (Limited Partnership) (“**Ningbo Longma Longteng**”) (寧波龍馬龍騰創業投資合夥企業(有限合夥)) is a limited partnership established in the PRC on September 12, 2016, and primarily engaged in venture capital investment. Ningbo Longma Longteng is managed by Beijing Zhongcai Longma Capital Investment Co., Ltd. (北京中財龍馬資本投資有限公司) (“**Beijing Zhongcai Longma**”), which is primarily engaged in project investment. Beijing Zhongcai Longma is held by Ningbo Meishan Bonded Port Zone Longchuang Tianze Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區龍創天澤投資管理合夥企業(有限合夥)) as to 30.62% of its equity interest. Ningbo Longma Longteng has 25 limited partners, and the largest limited partner is Beijing Longma Xingrong Investment Management Co., Ltd. (北京龍馬興融投資管理有限公司), holding approximately 23.97% of its equity interest. None of the shareholders in Beijing Longma Xingrong Investment Management Co., Ltd. holds 30% or more equity interest in it. None of the other limited partners of Ningbo Longma Longteng hold 30% or more equity interest in Ningbo Longma Longteng.

(2) Hefei Xuntong is a limited company established under the laws of the PRC on September 15, 2022, being owned as to 80% by our Company and 20% by Hefei Yaohai Technology Innovation Investment Group Co., Ltd. (合肥瑤海科技創新投資集團有限公司) who is an Independent Third Party.

- (3) Xuzhou Xuntong is a limited company established under the laws of the PRC on August 11, 2022, being owned as to 61% by our Company, 23% by Xuzhou Xiangde Enterprise Management Partnership (L.P.) (徐州祥德企業管理合夥企業(有限合夥)) who is an Independent Third Party and 16% by Xuzhou High-tech Industrial Development Zone Venture Development Co., Ltd. (徐州高新技術產業開發區創業發展有限公司) who is an Independent Third Party.
- (4) Huali Daxing is a limited company established under the laws of the PRC on November 10, 2014, being owned as to 70% by our Company and 30% by Mr. Peng Liang (彭亮) who is a director of Huali Daxing and a core connected person of the Company at the subsidiary level.
- (5) Ningxia Xunzhong is a limited company established under the laws of the PRC on May 16, 2024, being owned as to 70% by our Company and 30% by Ningxia Zhixun Market Development Co., Ltd. (寧夏智訊市場發展有限公司) who is an Independent Third Party.
- (6) The shareholding percentages are rounded to the nearest 2 decimal places, and the total number of the percentages may not add up to 100% due to rounding.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE GLOBAL OFFERING

The following chart illustrates the simplified corporate structure of our Group immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

- (1) Ningbo Longma Longteng Venture Capital Partnership (Limited Partnership) ("Ningbo Longma Longteng") (寧波龍馬龍騰創業投資合夥企業(有限合夥)) is a limited partnership established in the PRC on September 12, 2016, and primarily engaged in venture capital investment. Ningbo Longma Longteng is managed by Beijing Zhongcai Longma Capital Investment Co., Ltd. (北京中財龍馬資本投資有限公司) ("Beijing Zhongcai Longma"), which is primarily engaged in project investment. Beijing Zhongcai Longma is held by Ningbo Meishan Bonded Port Zone Longchuang Tianze Investment Management Partnership (Limited Partnership) (寧波梅山保税港區龍創天澤投資管理合夥企業(有限合夥)) as to 30.62% of its equity interest. Ningbo Longma Longteng has 25 limited partners, and the largest limited partner is Beijing Longma Xingrong Investment Management Co., Ltd. (北京龍馬興融投資管理有限公司), holding approximately 23.97% of its equity interest. None of the shareholders in Beijing Longma Xingrong Investment Management Co., Ltd. holds 30% or more equity interest in it. None of the other limited partners of Ningbo Longma Longteng hold 30% or more equity interest in Ningbo Longma Longteng.
- (2) Hefei Xunzhong is a limited company established under the laws of the PRC on September 15, 2022, being owned as to 80% by our Company and 20% by Hefei Yaohai Technology Innovation Investment Group Co., Ltd. (合肥瑤海科技創新投資集團有限公司) who is an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (3) Xuzhou Xuntong is a limited company established under the laws of the PRC on August 11, 2022, being owned as to 61% by our Company, 23% by Xuzhou Xiangde Enterprise Management Partnership (L.P.) (徐州祥德企業管理合夥企業(有限合夥)) who is an Independent Third Party and 16% by Xuzhou High-tech Industrial Development Zone Venture Development Co., Ltd. (徐州高新技術產業開發區創業發展有限公司) who is an Independent Third Party.
- (4) Huali Daxing is a limited company established under the laws of the PRC on November 10, 2014, being owned as to 70% by our Company and 30% by Mr. Peng Liang (彭亮) who is a director of Huali Daxing and a core connected person of the Company at the subsidiary level.
- (5) Ningxia Xunzhong is a limited company established under the laws of the PRC on May 16, 2024, being owned as to 70% by our Company and 30% by Ningxia Zhixun Market Development Co., Ltd. (寧夏智訊市場發展有限責任公司) who is an Independent Third Party.
- (6) The shareholding percentages are rounded to the nearest 2 decimal places, and the total number of the percentages may not add up to 100% due to rounding.

Our Domestic Shares listed on NEEQ are not counted towards our public float for the purpose of Rule 8.08 of the Listing Rules.

OVERVIEW

We are a cloud-based communication service provider ranked third in China by revenue in 2024. Our market share represented 1.8% of the total revenue of China's cloud-based communications services market in 2024. We were one of the first providers of cloud-based communications services in China, according to F&S. We are one of the few providers in China capable of delivering AI-driven communications services, according to the same source.

Below sets forth a summary of our business segments and the principal services and solutions which we offer:

- ***Cloud-Based Communications Services:*** Our cloud-based communications services are a series of value-added communications services that are delivered to our customers online mainly through APIs to facilitate messaging, voice, and mobile data communications. Our services mainly comprise:
 - o *CPaaS*, through which we enable organizations to conveniently access communication capabilities provided by major telecommunications operators and other service providers through our cloud-based CPaaS platform. Our CPaaS customers can gain access to the following services and embed them on their apps and websites: (i) messaging services, for sending text and RCS messages; (ii) voice services, for making inbound and outbound calls; (iii) mobile data services, for offering mobile data packages; and (iv) virtual goods services, for offering gift coupons, in-app membership subscriptions and other digital goods; and
 - o *Contact Center SaaS*, which enables businesses to manage and enhance customer interactions and engagement through our convenient and deployment-ready software services. Our Contact Center SaaS services primarily comprise: (i) smart voice navigation, which enables customers to effectively handle voice requests by designing a flow tree; (ii) smart text bot, which enables customers to provide online smart question-and-answer services; (iii) smart service quality check, which enables our customers to efficiently manage the performance of their call agents; (iv) smart service assistance, which assists call agents; (v) smart call bot, which communicates with callers through call bots; and (vi) video assistance, which enables customers to initiate video requests in apps or WeChat mini-programs.
- ***Project-Based Communications Solutions:*** Our solutions utilize software or a combination of software and hardware to enhance communications and connectivity for public sector customers across many use cases, such as municipal governance and safety. We believe our solutions business holds significant growth potential as the increasing trend of digital transformation by PRC public and private enterprises would create additional use cases for our solutions. We leverage various technologies such as data analytics, cloud computing, edge computing, and visual recognition to develop solutions based on a customer's individualized demand.

- ***Other communications services and accessories:*** We also offer other communication services and accessories, mainly comprising specialized mobile phones for enforcement authorities, contact center outsourcing, and video conference solutions. Given the fierce competition and low profitability, we have been strategically scaling down this business segment.

We have built a full suite of cloud-based communications capabilities because, according to F&S, compared to our competitors with single service capability, we can offer multiple, integrated telecommunications resources and multiple delivery channels that cater to the growing and increasingly diverse communication needs of private and public organizations. Our cloud-based communications service offerings are intended to reduce the complexity for customers to interact with different telecommunications service providers and systems, help customers quickly deploy communications capabilities on their existing apps or websites, improve communications efficiency and enhance user engagement.

Our services and solutions are dedicated to making communications easier, and have been widely applied in the internet, software services, information technology and financial industries in China. In 2022, 2023 and 2024, our services and solutions facilitated communications for over 2,400, 2,400 and 2,100 corporate customers, respectively. In particular, we had 24, 32 and 32 key customers in 2022, 2023 and 2024, respectively, each contributing over RMB5 million of revenue in a year, which accounted for approximately 80%, 86% and 89% of our total revenue for those years, respectively.

We have earned broad recognition and numerous awards and honors, including being named a “Specialized and New Small Giant Enterprise” in Beijing, winning the “Smart Solution Award for Contact Centers” in 2022, and receiving the “Best Digital Intelligence Technology Supplier Award” at the 2023 New Customer Service Festival. Furthermore, we serve as the Vice Chairman Unit of the Beijing Communications Industry Association and the Executive Deputy Director Unit of the Value-Added Services Professional Committee of the China Communications Enterprise Association. These honors are testaments of our technical strengths and market influence.

Our Value Proposition

Our service offerings possess the following characteristics:

- ***Comprehensiveness:*** We provide one-stop integrated cloud-based communication services and solutions, covering CPaaS, Contact Center SaaS and communications solutions for various use cases and industry verticals.
- ***Customization:*** Customers may customize their systems by choosing one or a combination of the services and solutions that we offer.

- ***Ease of Connection and Deployment:*** Customers can connect their interfaces with our cloud-based communication services through APIs or SDKs without altering their existing IT systems.
- ***Concurrency:*** Our CPaaS services can handle up to 100,000 messages and calls concurrently in a single second, satisfying the demands of large corporate customers. According to F&S, our concurrency capability is higher than the industry average.
- ***Multidimensional Application:*** Leveraging 16 years of experience, we offer a variety of services and solutions that meet the communication needs of enterprises at various growth stages. The synergy among our services and solutions encourages cross-selling from existing customers and enhances customer loyalty.

OUR STRENGTHS

We believe our leading market position and success are primarily attributable to the following key competitive advantages:

A Full-Suite of Cloud-Based Communications Services

We are the largest full-suite cloud-based communications services provider in China in terms of revenue in 2024. In both cloud-based communications services and full-suite cloud-based communications services, our market share represented 1.8% of the total revenue of China's cloud-based communications services market in 2024. We were one of the first providers in China of cloud-based communications services, according to F&S. In addition, we are one of the few providers in China capable of delivering AI-driven communications services, according to the same source.

Since we started offering Contact Center SaaS services in 2009, we have accumulated 16 years of operating expertise. We have gradually developed CPaaS services in 2012. On our CPaaS platform, our customers have access to a vast array of integrated telecommunications resources, covering messaging, voice and mobile data capabilities, which we source from major telecommunications operators and other service providers in China. We have built a full suite of cloud-based communications services, offering multiple telecommunications resources and multiple delivery channels that cater to the growing and increasingly diverse information and communication needs of enterprises across marketing, operations, and production. Our cloud-based communications service offerings are intended to reduce the complexity for customers to interact with different telecommunications service providers and systems, help customers quickly deploy communications capabilities on existing apps, improve efficiency and enhance user engagement.

As a supplement to our full-suite cloud-based communications services offering, we have developed project-based communications solutions in May 2020. Our project-based communications solutions utilize software or a combination of software and hardware to facilitate communications and connectivity principally for public organizations in China. Common use cases of project-based communications solutions include municipal governance and safety. We believe that our full-suite service offering and project-based communications solutions can provide customers with comprehensive telecommunications services.

Our full-suite capabilities are reflected in the following aspects:

- ***Multiple telecommunications resources:*** As the foundation of our service capabilities, we have integrated a vast array of telecommunications resources provided by China's major telecommunications operators and other service providers, including messaging, voice and mobile data services. We had signed agreements with 230, 200 and 225 of CPaaS suppliers in 2022, 2023 and 2024, respectively. According to the F&S Report, most players in China's cloud-based communications market primarily rely on voice or messaging resources. However, there are a limited number of players offering services that provide messaging, voice and mobile data capabilities simultaneously. This advantage enhances our overall service capabilities and customer loyalty.
- ***Multiple delivery channels:***
 - o ***CPaaS:*** Based on cloud computing and internet technologies, we have integrated the key telecommunications resources. Through our CPaaS platform, we provide customers with flexible, scalable, and easily deployable cloud-based communications capabilities.
 - o ***SaaS:*** We offer corporate customers a variety of scenario-based smart voice, text, video and other contact center services through SaaS. We also combine CPaaS capabilities with SaaS capabilities, incorporating IoT hardware to meet the needs of various industries, thereby creating smart industry application solutions.
 - o ***Solutions:*** We have the capability to provide smart communication solutions for large enterprises and government customers. For example, we developed a platform for a local emergency management bureau that could access surveillance cameras from over twenty enterprises located in an industrial park. The platform improved the park command center's emergency management capabilities by enabling real-time detection of safety hazards through edge computing and visual recognition.

Smart Technologies Utilizing AI Tools

In recent years, we started to employ various AI tools, such as data analytics, NLP, voiceprint recognition and motion recognition, in our service and solution offerings. Our smart service assistance, smart call bot, and project-based communications solutions integrated NLP to make them better interact with people. We utilize NLP in Contact Center SaaS services. For example, our smart text bot utilizes natural language processing to enable our customers to provide online smart question-and-answer services through text. Smart service assistance utilizes NLP to provide recommended responses to call agents for them to reply to their customers. Our notable applications to project-based communications solutions include:

- ***Smart badge voice and data analytics:*** We provide a working badge for customers' employees with audio recording function. Utilizing data analytics, NLP and LLMs, customers can analyze customer service, sales, and gain marketing insights on their own customers and markets.
- ***Psychological screening:*** Leveraging data analytics and wearable sensor devices, our smart communication solution enables customers to conduct preliminary mental health screenings for high school students. Utilizing a smart wristband with sensor functions, the solution collects data such as heart rate variability and body temperature. Data collected by the sensors in the smart wristband is then anonymized and uploaded to an AI-driven system that analyzes the data to detect potential abnormalities. Schools may rent our smart wristbands to perform psychological screening of students to identify individuals who may be affected by depression or other mental health issues.

Sustainable Business Model

We believe that we have a sustainable business model. The market size for cloud-based communications services in China grew from RMB35.5 billion in 2020 to RMB50.3 billion in 2024 and is expected to reach RMB74.5 billion by 2029, according to F&S. We believe we have benefited and will continue to benefit from the market growth. Our core services help customers rapidly expand and improve communication capabilities during all economic and business cycles. As we have offered cloud-based communications services for 16 years, our core business, cloud-based communication services, is relatively stable and sustainable. In 2022, 2023 and 2024, our revenue were RMB809.7 million, RMB915.6 million and RMB917.6 million, respectively. Additionally, our key customers, being customers who contributed revenue of not less than RMB5 million in the respective year, contributed 80%, 86% and 89% of our total revenue in 2022, 2023 and 2024, respectively.

Continued Focus on Research and Development

Since our establishment, we have focused on the research and development of cloud-based communication services. As of December 31, 2024, we have registered 7 invention patents and 201 software copyrights, all of which are related to our main business and services. As of December 31, 2024, approximately 31.1% of our total employee headcount are working in the research and development functions. Our research and development team works seamlessly with our sales team, making sure we continue to improve and develop services that can reflect emerging technological advancements and meet changes in customer needs and industry trends. We incurred research and development expenses of RMB45.7 million, RMB40.5 million, and RMB38.1 million in 2022, 2023 and 2024, respectively, accounted for approximately 5.6%, 4.4%, and 4.1% of our revenue for each of the corresponding periods, respectively.

Large internet companies set standards for their service providers in terms of maximum latency, request response time, queries per second, and other metrics, and we are capable of meeting these requirements. In particular, our Contact Center SaaS and CPaaS platforms are capable of handling up to 100,000 concurrent messages or voice calls per second.

Our in-house research and development capabilities have been recognized through industry-standard certifications. In 2022, our software development capability passed the CMMI Maturity Level 5 evaluation certification, the highest level of maturity in software development capabilities under the Capability Maturity Model Integration (CMMI) program administered by the CMMI Institute, our production management capability obtained ISO9001 system certification. In addition, we have received the following awards and honors: Best Technology Innovation Award for SMEs in 2012, Best Solution Award in the Cloud Communication Industry by the Electronic Information Industry Research Institute in 2015, and the Top 100 Enterprises in China Communication Equipment Technology Services by the China Electronic Information Development Research Institute in 2017.

Stable Supply of Telecommunications Resources and Strong Sales Capabilities

We cooperate and maintain good relationships with China's major telecommunications operators and other strategic service providers. We have maintained good relationships with a group of service providers, which allows us to secure telecommunications resources in a timely manner, strengthen our position as a buyer, and stay at the forefront of the cloud-based communication services industry.

We believe our customer base has growth potential. We help customers update and improve the functionalities of their existing purchases to meet the service needs that arise in their business plans. Additionally, our full-suite service offerings encourage customers to explore and experience other services and solutions we offer. By serving leading enterprises across various industries, we believe we have enhanced our corporate image and can attract more small and medium-sized corporations from different sectors. As a vice chairman of the Beijing Communications Association, a director of the China Communications Association, and a vice chairman of the China Smart Voice Communication Association, we regularly

engage in in-depth studies and research on supplier dynamics and explore new business opportunities during meetings and supplier seminars organized by these organizations. We cooperate with mobile network operators whose business cover most regions of China, effectively expanding our sales and marketing capabilities.

In 2022, 2023 and 2024, 4.4%, 3.7% and 3.6% of customers purchased more than one type of our CPaaS services, respectively. As of December 31, 2024, our sales team consisted of 65 members, accounting for approximately 28% of our total number of employees, including 33 in Beijing, three in Suzhou, Jiangsu, five in Shanghai, and the remainder located in other cities across China. At the same time, we use new media for marketing in order to expand our market coverage in a cost-effective manner.

Strong and Experienced Senior Management

We are led by an experienced chairman and senior management team with extensive industry and management experience, industry knowledge, and excellent execution capabilities. Our founder has over 26 years of industry and management experience, having started his entrepreneurial journey in 2004 and founded our Company in 2008. Since 1998, our founder has engaged in internet-related work and had eight years of senior management experience at two other companies before founding our Company. Our management team has on average 20 years of industry experience. Our senior management values our employees and encourages them to actively explore innovative ideas for quality improvement and engage in our business operations. Moreover, our senior management advocates and practices a corporate culture that fosters growth and facing challenges together, viewing our corporate team as a family, providing employees with the time and resources to learn and grow with us, while actively confronting risks and challenges and emphasizing team spirit. This culture has helped us continuously innovate and experiment during our development. As of December 31, 2024, the average tenure of our employees is 4.72 years. Our team enjoys high collaboration efficiency.

OUR STRATEGIES

Our vision is to become a globally recognized AI-driven cloud-based communication solutions provider. We plan to implement the following strategies:

Continuous Improvement and Innovation of Services and Solutions

We plan to continuously improve and innovate our service offerings and enrich the features and functions of our solutions. We intend to further research customer needs to enhance and expand our services. In particular,

- we will continue to focus on and expand within the cloud-based communications services market, maintaining our position as a leading service provider. According to F&S, as of December 31, 2024, there were approximately 800 cloud-based communications services providers in China. This industry still has significant

growth potential, which we expect to benefit more from market growth. For example, to increase revenue and customer stickiness, we plan to provide communications operating services to large corporate customers in addition to our existing services and solutions, addressing their daily communication needs at a more comprehensive level;

- we will innovate and develop new services and solutions, such as RCS messaging services, smart badge projects, smart watches, monitoring and early warning systems, and emergency call systems for the elderly population;
- we will upgrade our existing industry solutions, introducing industry-specific customized solutions to meet the specific needs of customers in key industries, expanding and enhancing technology in different scenarios to improve operational efficiency and user experience;
- we will continue to strengthen research and development capabilities, fostering an innovative corporate culture, and attracting and retaining top talent to expand the research and development team.

We expect to use approximately 45.4% (or HK\$177.5 million) of the net proceeds from the Global Offering for the continuous improvement and development of our services and solutions. For the source of funding for these plans, see “Future Plans and Use of Proceeds — Use of Proceeds”.

Enhancing AI Applications

We will continue to develop and maintain a portfolio of a full-suite of services and solutions to meet diverse customer needs and improve operational efficiency. Specifically, we will strategically focus on leveraging LLMs, voiceprint recognition and, image recognition, motion recognition for smart communication solutions and cloud-based communications services. By optimizing products with AI tools, we aim to increase product value and margin. We intend to use our in-house trained AI applications to enhance our following services and solutions:

- **CPaaS:** For CPaaS, LLMs can generate content and review templates for message, and used for quality inspection.
- **Contact Center SaaS:** We plan to use AI computing power to upgrade our Contact Center SaaS, improving service efficiency and accuracy, as well as enhancing the personalization and intelligence of customer services. We aim to (i) reduce the response time of call agents of the customers by giving smart answer recommendations; (ii) better ascertain the meaning of the end users in text and voices; and (iii) train specific LLMs to generate more satisfactory responses and to enable our smart call bots to handle more complex questions as compared to generic LLMs.

- ***Project-Based Communications Solutions:*** We intend to apply specific LLMs, voiceprint recognition, image recognition and motion recognition in our solutions. They will be applied in use cases such as dialogues, smart customer service and consultancy, public safety and emergency response, and cultural and tourism services.

We plan to use approximately 25.6% (or HK\$99.9 million) of the net proceeds from the Global Offering over the next three years for upgrading existing cloud-based communications services and project-based communications solutions. We also plan to use approximately 7.2% (or HK\$28.3 million) of the net proceeds from the Global Offering for purchasing and renting computing power to develop specific LLMs, voiceprint recognition models and motion recognition models, as well as purchasing or leasing GPUs. For details, see “Future Plans and Use of Proceeds”.

Expanding Sales Network

We plan to increase exposure through new media marketing, such as Douyin and Xiaohongshu. By using new media distribution channels, we aim to identify, promote, and recognize potential customers and independent sales agents in different industries. Ideally, these sale agents will have better knowledge and resources in specific industry verticals than us and can recommend our services and solutions to government and corporate organizations within specific industries. Secondly, we will continue to invest in sales and marketing to increase brand awareness. These arrangements include holding meetings and participating in industry seminars, strengthening our communication and connections with suppliers and customers. Thirdly, we will continue to develop agents online, including collaboration with multiple influencer accounts and SME agents. We plan to use approximately 15.6% (or HK\$61.1 million) of the net proceeds from the Global Offering to expand sales channels. For details, see “Future Plans and Use of Proceeds — Use of Proceeds”.

Capturing New Growth Opportunities Especially in the Southeast Asia Market

We plan to leverage our full-suite service capabilities to improve customer stickiness and sustainable profitability. We will continue to explore new growth opportunities, expand geographic coverage, and increase penetration. By replicating our successful experience in China, we plan to expand our CPaaS and SaaS business initially to Southeast Asia by partnering with local telecommunications operators and service providers.

We believe CPaaS and Contact Center SaaS industries are constantly growing in Southeast Asia. According to the F&S Report, from 2020 to 2024, the revenue of CPaaS service market in Southeast Asia increased from RMB6.4 billion to RMB9.5 billion, growing at a CAGR of 10.4%. In 2029, the revenue of CPaaS service market in Southeast Asia is expected to reach RMB14.5 billion, representing a CAGR of 8.8% from 2024 to 2029. From 2020 to 2024, the revenue of Contact Center SaaS market in Southeast Asia increased from RMB0.3 billion to RMB0.9 billion, with a CAGR of 31.6%. In the future, with the growing demand for smart contact center in finance and IT industries, the revenue of the Contact Center SaaS

market in Southeast Asia is expected to maintain rapid growth and reach RMB1.6 billion in 2029, growing at a CAGR of 12.2% from 2024 to 2029. The reasons for expected market growth of CPaaS services and Contact Center SaaS markets in Southeast Asia primarily include:

- (i). the sustainable economic growth and accelerated digital transformation in Southeast Asia have brought broad development opportunities for cloud-based communications services. The nominal GDP in Southeast Asia is expected to reach USD5.3 trillion in 2029, growing at a CAGR of 6.0% from 2024 to 2029, whilst the foreign direct investment in Southeast Asia is expected to reach USD463.3 billion in 2029, growing at a CAGR of 11.9% from 2024 to 2029. Economic growth and digital transformation have promoted the development of many industries in Southeast Asia, such as e-commerce, tourism and financial services, which stimulates robust demand for cloud-based communications services;
- (ii). many countries in Southeast Asia have released and implemented a series of policies to encourage the development of cloud computing, AI and big data, which facilitates the advancement of cloud infrastructure as an important foundation of cloud-based communications services. For instance, the Ministry of Trade in Indonesia issued the “2021-2024 Indonesia Digital Roadmap”, which calls on all Indonesians to enhance professional skills in areas such as cloud computing, and encourages the technological innovation of cloud computing related enterprises; and
- (iii). the penetration rate of Internet in Southeast Asia increased from 59.8% in 2020 to 76.6% in 2024, which provides a large potential user base for cloud-based communications services market in Southeast Asia.

The total revenue of cloud-based communications services markets in Indonesia, Malaysia and Vietnam are expected to reach approximately RMB5.6 billion, RMB1.6 billion and RMB1.7 billion in 2029, growing at a CAGR of 7.5%, 7.8% and 5.5% from 2024 to 2029, respectively.

The CPaaS services markets in Indonesia, Malaysia and Vietnam are relatively fragmented. There are approximately 100, 80 and 50 market participants in the CPaaS services market in Indonesia, Malaysia and Vietnam, respectively. The market participants in the CPaaS services markets in Indonesia, Malaysia and Vietnam can be mainly categorized into international CPaaS services providers and local CPaaS services providers, among which international CPaaS services providers have a higher market share in Indonesia, Malaysia and Vietnam due to their early market entry and mature technologies, while local CPaaS services providers have relatively weaker competitiveness due to their limited capabilities to meet large-scale demands. In recent years, some CPaaS services providers in China have also started to expand their business layout in Southeast Asia’s markets, gaining a certain market share in the CPaaS services market in Indonesia, Malaysia and Vietnam.

BUSINESS

The development of Contact Center SaaS market in Southeast Asia is at an emerging stage. There are approximately 50, 30 and 20 market participants in the Contact Center SaaS markets in Indonesia, Malaysia and Vietnam, respectively. The market participants in the Contact Center SaaS markets in Southeast Asia can be mainly categorized into international Contact Center SaaS providers and local Contact Center SaaS providers, among which the Contact Center SaaS providers in China can have competitive advantages in Southeast Asia due to strong technological capabilities and competitive prices.

As part of our Southeast Asia development plan, we plan to expand through acquiring minority equity shareholding in targets in Southeast Asia in similar business areas as us. This approach saves us the time cost associated with building a presence from scratch. We plan to prioritize identifying companies focused on CPaaS and Contact Center SaaS businesses. We plan to use approximately 7.6% (or HK\$29.6 million) of the net proceeds from the Global Offering for investment or joint ventures with target companies in the Southeast Asia market which operate in the same or similar industry as us. For details, see “Future Plans and Use of Proceeds — Use of Proceeds”.

Reducing Leverage and Enhancing Financial Resilience

We plan to use approximately 12.8% (or HK\$50.0 million) of the net proceeds from the Global Offering to repay outstanding loans. For details, see “Future Plans and Use of Proceeds — Use of Proceeds”. Meanwhile, to address our current high level of trade receivables and relatively long receivables turnover days, we plan to continue to improve internal controls and management over trade receivables to enhance our operational cash flow. Given our market position and increasing business volume, we also plan to negotiate with suppliers for a more flexible prepayments and credit terms. On the other hand, we plan to reduce operating costs by relocating some business employees to Hefei, Chengdu, or other cities in China to lower labor costs and improve profitability. These measures aim to reduce our leverage, enhance financial resilience, and ensure our continued financial stability and sustainable development.

KEY OPERATING METRICS

The table below sets forth our number of customers, number of key customers, and the percentage of revenue contribution by key customers for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Number of customers	2,441	2,437	2,140
Number of key customers ⁽¹⁾	24	32	32
Percentage of revenue contribution by key customers	80%	86%	89%
Key customer retention rate ⁽²⁾	78%	100%	72%

BUSINESS

	Year ended December 31,		
	2022	2023	2024
Net dollar expansion rate of revenue from key customers ⁽³⁾	96%	123%	160%
Average revenue per key customer (RMB in thousands).	27,053	24,513	25,481

- (1) Key customers refer to customers who contributed revenue of not less than RMB5 million in a given year.
- (2) Key customer retention rate is calculated as the number of key customers in the previous year that remain as our customers in the given year, divided by the number of key customers in such previous year.
- (3) Net dollar expansion rate of revenue from key customers is calculated as the revenue derived from our key customers in the given year divided by the revenue derived from the same customers in the previous year, provided that the relevant key customers must also be customers in the previous year. Otherwise, the revenue attributable to the key customers will not be accounted for in the given year.
- (4) Average revenue per key customer is calculated as the total revenue contributed by key customers in a given year divided by the number of key customers in the same year.

Basis and Rationale for RMB5 Million Key Customer Threshold

The Company's designation of customers with annual revenue contributions no less than RMB5 million as key customers is grounded in a comprehensive analysis of commercial rationale, statistical data, industry benchmarks, and trading records. This threshold enables the Company to identify customers with significant financial and strategic importance, supporting consistent financial reporting and effective risk management. The basis and rationale for the RMB5 million threshold are detailed below:

- (i) **Significant Financial Contribution:** Analysis of customer-level sales data for the years ended December 31, 2022, 2023, and 2024 reveals that customers with annual revenue contribution of RMB5 million or more are critical to the Company's financial performance. These key customers, numbering 24, 32, and 32 in 2022, 2023, and 2024, respectively, contributed 80%, 86%, and 89% of the Company's total revenue for those corresponding years. Their average revenue contributions were RMB27.1 million, RMB24.5 million, and RMB25.5 million, respectively, underscoring their substantial role in the business.

In contrast, if the threshold is lowered from RMB5 million or more to RMB1 million or more for categorizing key customers, there are 65, 65, and 55 customers contributing at least RMB1 million, in December 31, 2022, 2023, and 2024, respectively, accounting for 91%, 94%, and 95% of total revenue. However, their average revenue contributions were significantly lower at RMB11.3 million, RMB13.1 million, and RMB15.8 million for the same years. On the other hand, if the threshold is increased from RMB5 million to RMB15 million or more for categorizing key customers, there are 14, 20, and 22 customers contributing at least

RMB15 million, in December 31, 2022, 2023, and 2024, respectively, accounting for 69%, 72%, and 78% of total revenue. However, their average revenue contributions were significantly higher at RMB39.8 million, RMB33.0 million and RMB32.5 million for the same years. Therefore, categorizing key customers at the RMB5 million threshold, based on revenue contribution and average spending, highlights their role as core pillars of the business, driving a substantial share of revenue. Trading records during the Track Record Period further demonstrated that these customers exhibit higher transaction amount and greater strategic importance, validating the RMB5 million threshold as a reliable indicator of material contribution to the Company's operations.

- (ii) **High Retention and Long-Term Value:** Customers meeting the RMB5 million threshold demonstrate exceptional retention and upsell potential. Their retention rates were 78%, 100%, and 72% for the years ended December 31, 2022, 2023, and 2024, respectively, surpassing those of customers contributing lower threshold of RMB1 million or more, with rates of 71%, 72%, and 68% for the same corresponding years and contributing higher at least RMB15 million, with rates of 88%, 100% and 70% for the same corresponding years. This reflects the deeper engagement, consistent incremental purchases, and substantial customer lifetime value of RMB5 million customers, making them vital to the Company's long-term growth and stability.
- (iii) **Higher Net Dollar Expansion Rate:** The net dollar expansion rate, calculated as the revenue derived from the customers in the given year divided by the revenue derived from the same customers in the previous year, provided that the relevant customers must also be customers in the previous year, underscores the value of the RMB5 million threshold. For the years ended December 31, 2022, 2023, and 2024, the net dollar expansion rates for customers contributing RMB5 million or more were 96%, 123%, and 160%, respectively. These figures significantly outpace those for customers contributing lower threshold of RMB1 million or more, at 80%, 119%, and 133%, representing differences of 16%, 4%, and 27% correspondingly and contributing higher threshold of RMB15 million or more, at 90%, 149%, and 180%, representing differences of 6%, 26%, and 20%. This demonstrates the stronger recurring spending and growth potential of RMB5 million customers, justifying a focus on retaining and expanding these high-value relationships.
- (iv) **Statistical Justification:** Customer-level sales data from 2022 to 2024 shows an average revenue per customer of RMB330,000 to RMB430,000, with a standard deviation of RMB3.6 million to RMB4.1 million. This highly skewed distribution indicates that most customers contribute modest revenue, while a small subset generates significantly higher amounts. The RMB5 million threshold, derived from the statistical measure of average revenue plus one standard deviation (RMB3.9 million to RMB4.5 million), identifies customers who exceed the typical revenue range, reflecting their substantial financial contribution.

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The RMB5 million threshold for key customers is robustly supported by financial data, industry benchmarks, and trading records. It accurately identifies customers with significant financial and strategic importance, ensuring consistent financial disclosure and effective risk management. The Company considers this threshold to be aligned with its revenue distribution, industry norms, and global standards, making it a commercially sound and statistically justified benchmark.

Our number of key customers increased to 32 in 2023, primarily due to our up-selling to 18 customers with strong demand for our cloud-based communications services, including 10 customers for our CPaaS messaging services, six for our CPaaS voice services, and two for our Contact Center SaaS services. Our number of key customers remain constant in 2024, namely, primarily due to our teams effort in retaining key customers.

Our key customer retention rate decreased below 100% in 2022, primarily due to a decrease in our number of key customers, mainly attributable to our strategic termination of mobile data services with previous key customers since 2021 due to intense competition and narrowing profit margin. Our key customer retention rate increased to 100% in 2023, and our net dollar expansion rate of revenue from key customers increased to 123% in 2023.

The average revenue per key customer decreased by 9.4% to RMB24.5 million in 2023, primarily due to a decrease in the average revenue contribution of key customers that primarily purchased our Contact Center SaaS services, mainly because the introduction of LLMs weakened the interest of our key customers in our Contact Center SaaS services, which did not yet fully integrate LLMs. The average revenue per key customer increased by 3.95% to RMB25.5 million in 2024, primarily due to an increase in the average revenue contribution of key customers that primarily due to the increment in revenue derived from our key customers who remain to be our customers for consecutive years.

Below sets forth the usage related data of our cloud-based communications services and project-based communications solutions for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Cloud-based Communications Services			
Messages sent under CPaaS service (in million texts)	21,287.8	24,810.6	20,446.3
Voice services under CPaaS services (in million minutes)	2,374.9	2,215.8	2,392.19
Mobile data supplied under CPaaS services (in million MB)	1,097.6	–	–
Voice services under Contact Center SaaS services (in million minutes).	917.8	640.0	805.48
Project-Based Communications Solutions			
Number of projects delivered and accepted . . .	14	24	19

BUSINESS

Below sets forth the average price of our cloud-based communications services for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Price per messages sent under CPaaS services (in RMB)	0.029	0.030	0.031
Price per minute of voice services under CPaaS services (in RMB).	0.072	0.086	0.077
Price per MB of mobile data supplied under CPaaS services (in RMB).	0.019	—	—
Price per minute under Contact Center SaaS services (in RMB)	0.077	0.118	0.097
Revenue per RMB100 of virtual goods services	1.256	1.093	1.027

AWARDS AND RECOGNITIONS

Year	Award/Recognition	Issuing authority/organization
2021	Beijing Specialized, Refined, Innovative, and Outstanding Little Giant Enterprises (北京市“專精特新”企業)*	Beijing Municipal Bureau of Economy and Information Technology
2021	2021 China Information and Communication Technology Excellent Service Provider (2021中國信息通信技術優秀服務商)*	China Information Association
2021	China Telecom — Tianyi Cloud “Together in Partnership” (中國電信-天翼雲“同舟共濟合作夥伴”)	China Telecom Cloud Computing Branch
2021	Outstanding NEEQ Enterprise (新三板優秀企業)	Wabei.cn
2021	2021 China Top 40 Industrial Digitalization Service Providers (2021中國產業數字化服務商Top 40)	EO Intelligence
2022	IOTE Gold Award for Innovative Products (IOTE金獎創新產品)	International Internet of Things Exhibition (IOTE)
2022	Next Generation Information Technology Enterprise (新一代信息技術企業)	Wabei.cn

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Year	Award/Recognition	Issuing authority/organization
2022	Smart Contact Center Solution Award (聯絡中心智能化解決方案獎)	Ctiform.com
2023	Top 10 Call Center Hardware and Software Providers of the Year (2023 年度十佳呼叫中心硬件及軟件設備提供商)	China Call Center Industry Development Annual Conference (中國呼叫中心產業發展年會)
2023	Leading Modern Service Enterprise of 2023 (2023年度現代服務領軍企業)	Wabei.cn

OUR SERVICES AND SOLUTIONS

The table below sets forth our total revenue by product category during the Track Record Period:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Cloud-based communications services	694,751	85.8	850,685	92.9	866,051	94.4
CPaaS	632,501	78.1	779,706	85.2	796,429	86.8
Voice	151,849	18.8	169,684	18.5	173,972	19.0
Messaging	395,586	48.8	562,289	61.4	590,392	64.3
IoT mobile data pool and management	16,564	2.0	21,138	2.3	13,608	1.5
Mobile data services	19,291	2.4	—	0.0	—	0.0
Virtual goods services . . .	49,212	6.1	26,595	2.9	18,457	2.0
Contact Center SaaS	62,249	7.7	70,979	7.8	69,622	7.6
Project-based communications solutions	20,533	2.5	13,761	1.5	13,940	1.5
Other communications services and accessories⁽¹⁾	94,459	11.7	51,184	5.6	37,615	4.1
Specialized mobile phones	30,597	3.8	4,442	0.5	—	0.0
Contact center outsourcing	58,370	7.3	42,274	4.6	35,655	3.9
Video conference solutions	5,217	0.6	3,832	0.4	1,929	0.2
Others	275	—	636	0.1	31	0.0
Total	809,743	100.0	915,630	100.0	917,606	100.0

(1) Other communications services and accessories primarily include specialized mobile phones, contact center outsourcing, video conference solutions and others.

For reasons of fluctuation in the period-to-period comparison, see “Summary — Summary of Key Financial Information”.

Cloud-Based Communications Services

Our cloud-based communications services are a series of value-added communications services that are delivered to our customers online to facilitate voice, text, and data communications. Our cloud-based communications services comprise CPaaS and Contact Center SaaS services. We enhance telecommunications services by leveraging our advanced technologies to purchase voice, text, and data from operators and service providers. These resources are then sold to our customers. Our profitability in cloud-based communications services is driven by the differences between our purchasing costs and the prices at which we sell these telecommunication resources.

CPaaS

Our CPaaS services enable enterprises to access and utilize telecommunications resources easily via a standardized platform. We collaborate with major telecommunications operators and other service providers in China to leverage their messaging, voice, and mobile data services. We aggregate nationwide telecommunications resources, and make these resources more conveniently and cost-effectively accessible to customers via our CPaaS platform. Customers primarily use APIs to connect to our platform and utilize the text, voice, and data services and other value-added functions we offer. Telecommunications operators in China generally have branches and subsidiaries for different municipalities and provinces. Without a single, standardized platform like our CPaaS platform, customers would need to negotiate individually with each telecommunications operator or service provider to acquire telecommunications resources, which may require them to use different and more costly access methods. Customers can easily access telecommunications operators’ resources by connecting with our CPaaS system. In addition, our suppliers may offer different prices for the telecommunications resources and we as a platform connecting with them, are able to choose the most competitive price and offer to our customers with the help of our intelligent routing management. Third, our value-added features, including data analytics, privacy protection, security control, and others, provide significant benefit to our customers. They will need time and financial resources to build the same features without us. Furthermore, we were one of the first providers of cloud-based communications services in China and have commenced our CPaaS services since 2008. Our long history of operation and reputation may also make customers consider purchasing our services offering. We believe our core competencies are the four points mentioned above.

Our CPaaS customers have access to the following services and functions: (i) messaging services, which enable customers to send text and RCS messages to designated mobile numbers; (ii) voice services, which allow customers to build solutions for making and receiving voice call; (iii) mobile data services, which allow customers to top up mobile data for their end users; and (iv) virtual goods services, such as in-app credits, coupons, and stream media membership subscriptions. In addition, our customers benefit from the following value-added features embedded in our CPaaS:

- *Data analytics:* We provide data analytics to customers to help them make more informed business decisions, optimize operations, improve efficiency, and provide better user experience and engagement to their users. We perform analytics on message successful delivery rate, responsive rate and click rate of the links in the messages, which helps customers send messages to end users, performing customer services efficiently. It could also detect potential scam and threat voice calls. Furthermore, data analytics can optimize the voice call strategies by analyzing the answer rate and connection rate;
- *Privacy protection:* Primarily used in voice services, our privacy protection capability ensures the privacy of both parties in a call by using temporary numbers and prevents leaks through data encryption. Privacy protection feature enables encryption on message during its transmission and on voice calls. It can generate virtual caller numbers so that call participants may not see the real numbers;
- *Security control:* Utilizing our technical platform and speech recognition and data analytics, our systems review and monitor voice calls and messages, and intercept scam calls and messages, using information verification and time-sensitive verification codes to ensure security;
- *Load balancing:* We enable customers to handle up to 100,000 voice calls and messages per second during busy periods through technologies such as load balancing, which involves distributing traffic across multiple servers to ensure that no single server becomes overwhelmed. It may also transfer call requests to a backup server in the event of a failure in the main server to ensure service continuity; and
- *Smart routing:* Our smart routing capability uses data analytics to identify suitable recipients and determine the optimal channel for initiating calls and sending messages. It supports simultaneous message delivery through multiple channels, reducing sending time. It adjusts call parameters in real-time based on network conditions to ensure stable and reliable call quality.

Messaging Services

We provide messaging services by allowing customers to connect with our CPaaS platform through their existing digital channels like a mobile app, website, or WeChat mini-program. Below sets forth the steps from our beginning of collaboration with our customers to the completion of message sending:

Step one: The direct customer discusses with our sales team and enters into a purchase contract with us. We open an account for the customer on our platform.

Step two: The direct customer connects its interface with the account on our platform, primarily through an API.

Step three: The direct customer makes a request on our platform for our review. The request contains (i) a message template outlining the general content to be included in the messages; and (ii) the mobile numbers of the end users to whom the messages will be sent. Our platform matches the request with the appropriate channel.

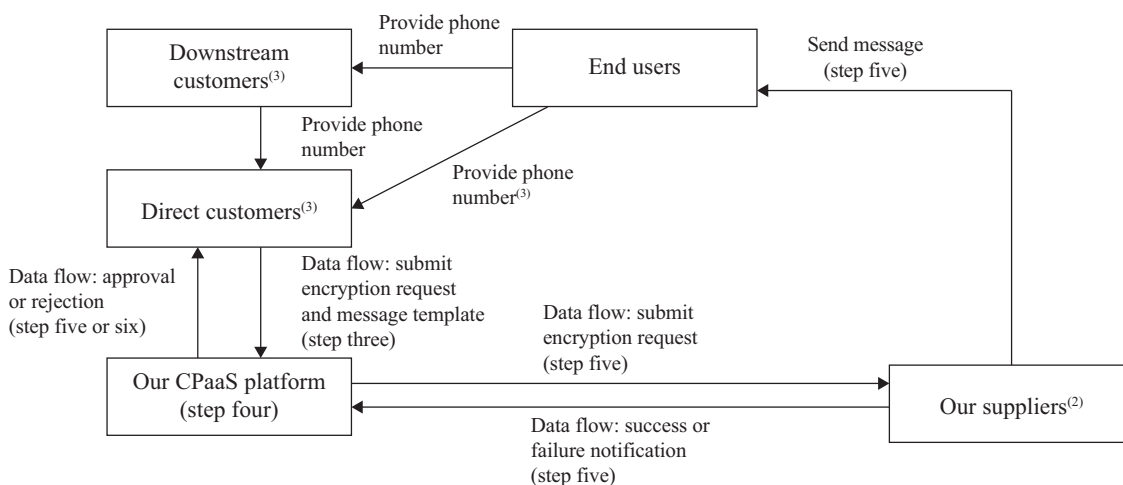
Step four: Our platform and operational team review the template to ensure that it does not contain illegal or inappropriate content. The review by our platform includes both AI-driven automated review using keyword recognition and data analytics as well as manual review by our messaging services team. Based on the review outcome, one of step five or six will occur.

Step five: If the template is approved, our platform will send the request, the template, and the end users' mobile numbers to the telecommunications operators. The telecommunications operators then send messages to the end users. Suppliers will send success or failure notification to us.

Step six: If the template is rejected, either by our CPaaS platform or by our operational team, the request will not be processed.

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Below sets forth a flowchart demonstrating how we provide messaging services⁽¹⁾:

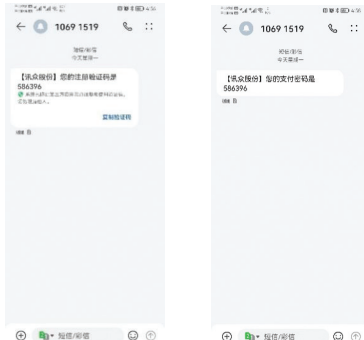


- (1) Messaging services can be categorized as (i) messaging services delivered by telecommunications operators, and (ii) messaging services delivered by service providers. For messaging services delivered by telecommunications operators, service requests are sent directly to telecommunications operators, and we make payments to the telecommunications operators. For messaging services delivered by service providers, service requests are sent to service providers, and we make payments to the service providers.
- (2) Suppliers can be either telecommunications operators or service providers. For the avoidance of doubt, in both cases, telecommunications operators are the ones which send messages. The service providers we collaborate with may procure their messaging services from telecommunications operators directly or from other service providers, and there may be one or more tiers of intermediary service providers between our immediate service provider and the telecommunications operator effecting the messaging services. The existence of service providers is due to their capability to integrate communications resources and the competitive price they offer as compared to telecommunications operators.
- (3) Downstream customers are the ones which initiate message services. Direct customers are the ones which privy to us during the provision of message services. We generally cannot ascertain the identity of downstream customers. The existence of direct customers is to provide value added services on top of our message services. We generally cannot ascertain the details of such services. In some cases, there is no other service providers between direct customers and end-users.

We negotiate and cooperate with each telecommunications operator and messaging resource provider and establish our CPaaS platform. As of December 31, 2024, we cooperate with 186 messaging resource providers and all three major telecommunications operators. This saves our customers the time and expense of managing these relationships themselves. The CPaaS service industry chain involves three main segments: upstream telecommunications operators, midstream CPaaS service providers, and downstream enterprise customers. (i) Telecommunications operators primarily provide basic telecommunications resources and generally do not offer additional value-added services. CPaaS service providers purchase telecom resources from telecommunications operators and provide value-added services based on these resources. Their customers include both direct enterprise clients and other CPaaS service providers. (ii) CPaaS service providers purchase telecommunications resources from each other because China's major telecommunications operators typically operate independently through provincial branches. Therefore, CPaaS service providers need to purchase telecommunications resources from different provincial branches of telecommunications operators. Since different CPaaS service providers may have different telecommunications resources in different regions, they may purchase telecommunications resources from each other. (iii) Downstream enterprise customers prefer to procure CPaaS services through a few CPaaS service providers to facilitate supplier management, and large-scale procurement can enhance bargaining power and reduce procurement costs. Therefore, not all customers of CPaaS service providers are downstream enterprise customers.

The value-added features of our messaging services include content optimization, such as spotting sensitive words, converting long URLs into short links, and helping our customer make a verbose message template more concise. We also help our customers strategically identify the optimal time for sending messages, for example sending tax-related messages to end users during tax-reporting season.

Below sets forth the common use cases of messaging services:

Products	Scenarios	What end users will see
Message verification	Account registration and payment verification	

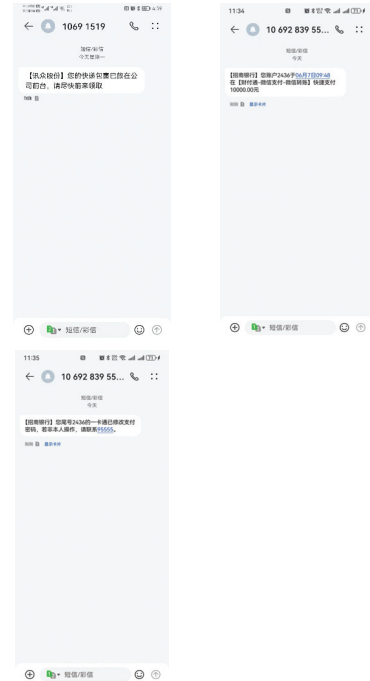
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Products

Scenarios

What end users will see

Notification Parcel tracking, credit card transactions, account changes



Customer services Promotions, customer service follow-ups



Video messages . . . Promotions with videos



Case illustration: Suppose someone (i.e. end user) wants to place an order on a food delivery app. The end user needs to log into their account first with a mobile phone number, and a verification code will be requested for the login authentication. The app sends a request to our CPaaS platform. The CPaaS platform sends the request to telecommunications operators or messaging resource providers. The telecommunication operator which receives the request from us, or in the case of messaging resource providers' services, from messaging resource provider, send the message. The end user will receive a message shown in the above similar to the ones displayed in "Message verification".

We launched RCS messaging service on CPaaS in 2023. RCS messaging is a scenario-based messaging service, which enables rich communications, between the message recipients and senders. For example, a conference host may use RCS messages for participant registration, schedule publication, and dissemination of entry QR codes. We have entered service contracts with several customers to provide RCS messages in 2024.

Voice Services

We offer a suite of voice functions that can be readily connected with our customers' business systems and applications, primarily through APIs, or directly employed through web pages. Our voice services help customers improve their management efficiency and call quality for their end users, allowing customers to create solutions to make and receive voice calls in China and incorporate advanced voice functionalities such as machine reading prepared scripts, recording, and transcription. They also enable customers to conduct call tracking, and anonymized communications. Our voice services offer a variety of functions, including:

- *Voice call via online interfaces:* Our CPaaS platform allows end users to initiate voice calls directly on their mobile apps, websites, and other interfaces. For example, the end user can call the call agent of our customer by clicking on a button on our customer's interface, instead of having to search for and dial the phone number.
- *Privacy protection:* Our masked number service enables voice calls to be made without the participants sharing their real mobile numbers. Instead, a temporary number is displayed on the recipient's mobile. Common use cases include voice calls between driver and rider in rider-hailing service, and between delivery person and package recipient in courier service.
- *Call management and control:* Our product, *Voice Shield*, enables customers to monitor and manage voice calls from pre-call preparation, such as ensuring that the recipient numbers selected are not invalid or inactive, to after-call review, such as reviewing the voice call recording to evaluate and improve call agents' performance. Its functions also encompass securing temporary numbers to ensure privacy, managing call frequency and duration to avoid repeatedly contacting an uninterested recipient, and conducting complaint management. Call management and control primarily allows our customers to more effectively engage with their customers through voice call outreach, prevent scam calls, and improve the quality of their call agents' performance.

- *Voice notifications:* Our voice notification capabilities allow our customers to send voice notifications to a large number of recipients simultaneously, instead of calling each recipient individually.

Similar to messaging services, our voice services save our customers the time and expense of negotiating and managing relationships with telecommunications operators and service providers.

Below sets forth the steps from our beginning of collaboration with our customers to the completion of our voice services:

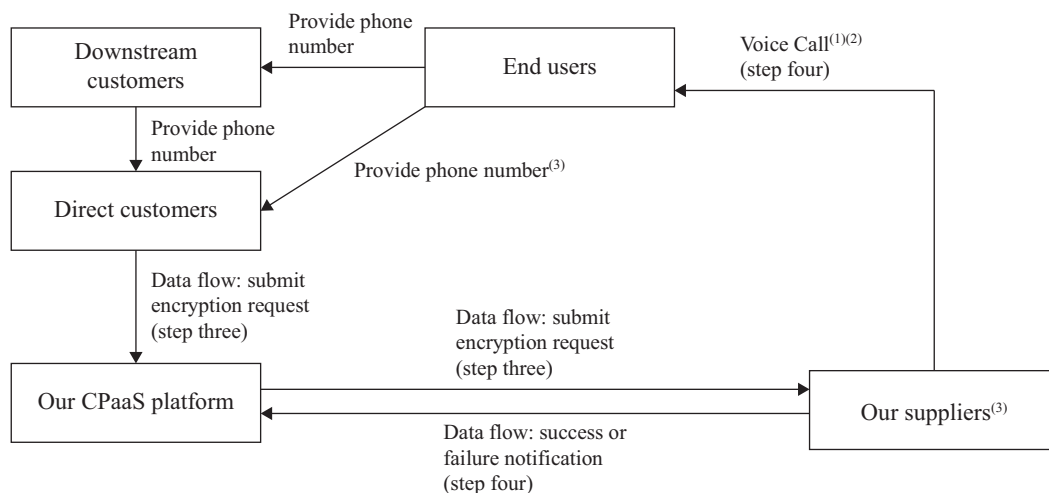
Step one: The customer discusses with our sales team and enters into a purchase contract with us. We open an account for the customer on our CPaaS platform.

Step two: The direct customer connects its interface (i.e. a mobile app, website, or WeChat mini-program) with the account. We make available the designated functions for the customer.

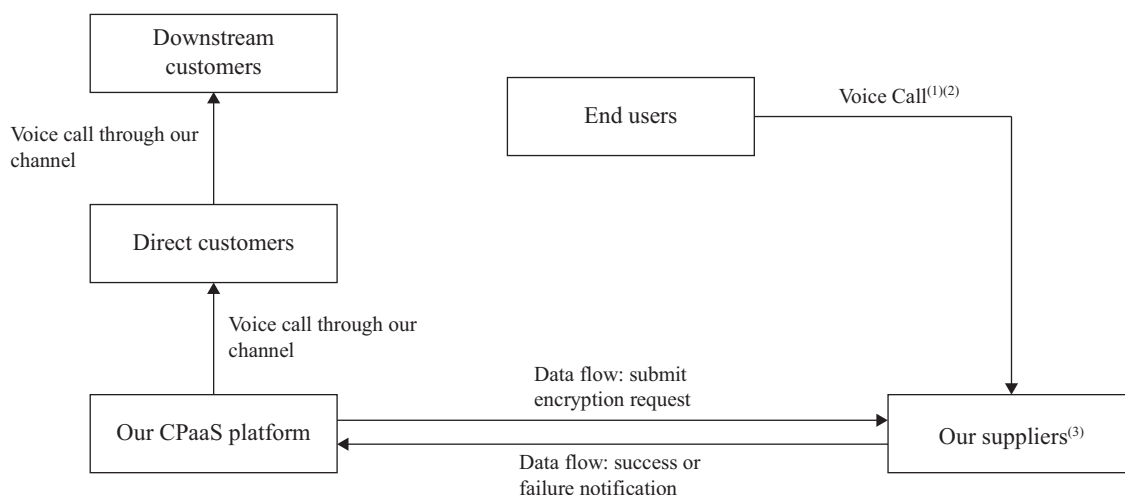
Step three: Our direct customer uses our voice services and initiate voice calls through our CPaaS platform. We directly submit voice call requests to telecommunications operators or to service providers; and in the case of incoming calls, customers receive calls from end users through our CPaaS platform.

Step four: The telecommunications operators send us a success or failure notification. In case of success, voice calls are made to end users.

Below sets forth a chart illustrating how we provide voice services:



Below sets forth a chart illustrating the scenario where end users initiate a call⁽²⁾:



- (1) Voice services can be categorized as (i) voice services delivered by telecommunications operators, and (ii) voice services delivered by service providers. For voice services delivered by telecommunications operators, service requests are sent directly to telecommunications operators, and we make payments to the telecommunications operators. For voice services delivered by service providers, service requests are sent to service providers, and we make payments to the service providers.
- (2) In cases where end users initiate a call, there may be cases where the end user's call firstly reached a telecommunications operator or service providers which was not a supplier of ours. In that case, the telecommunications operator will forward the call request to us, followed by our CPaaS platform forwarding the request to a service provider or a telecommunications operator which cooperate with us. The service providers we collaborate with may procure their voice services from telecommunications operators directly or from other service providers, and there may be one or more tiers of intermediary service providers between our immediate service provider and the telecommunications operator effecting the voice services.
- (3) Suppliers can be either telecommunications operators or service providers. For the avoidance of doubt, in both cases, telecommunications operators are the ones which enable voices calls. In some cases, there is no other service providers between direct customers and end-users.

Case illustration: Suppose our customer needs to contact its customers to discuss a post-sale customer service. Our customer can initiate a call via our CPaaS platform by inputting its customer's mobile number and by clicking a button, our platform would then send a request to telecommunications operators and voice service providers. The telecommunications operator which ultimately receive the call request enables the voice call.

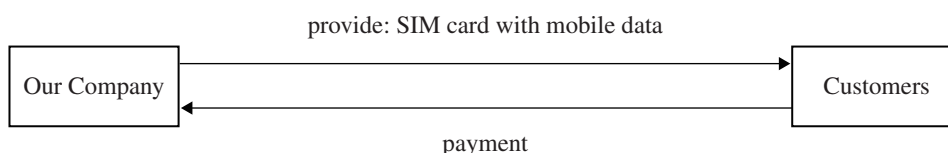
IoT Mobile Data Pool and Management

Our IoT mobile data pool and management services comprise the provision of IoT SIM cards with mobile data plans as well as management of such cards via our platform. We purchase IoT mobile data directly or indirectly from the three major telecommunications operators, integrating such data into a data pool, and repackage the data into customized plans for our customers. Through our platform, customers can also manage their IoT SIM cards, monitor their data usage and process fees settlement. We may also provide additional data

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packages to customers. We charge our customers a fixed card fee per IoT SIM card and a data usage fee based on the amount of IoT mobile data they use. Our customers can integrate our data pool and management services into their own IoT solutions and use such solutions in various use cases. In 2022, 2023 and 2024, we had approximately 819, 1,085 and 1,120 customers for our IoT mobile data and management services, respectively, with our top 10 customers in terms of revenue contribution primarily comprising information technology and internet companies. Our revenue from our IoT mobile data pool and management services amounted to RMB16.6 million, RMB21.1 million and RMB13.6 million in 2022, 2023 and 2024, respectively.

Below sets forth a chart illustrating how we provide IoT mobile data pool and management:



Below sets forth a screenshot of the management interface of our IoT mobile data pool:

流量池名称	流量池编号	流量池种类	状态	本月限额	计费模式	计费规则	本月可用总流量	本月已用流量	本月剩余流量	使用进度	本月语音超额用量	卡号总数	可用卡数
-流量池-30MB-1个月-通用	P003724		正常	是	预付	-	2734.66 GB	4.92 GB	2729.73 GB	0.18 %	-	128680	93343
-流量池-30MB-1个月-通用	P003725		正常	是	预付	-	3653.50 GB	1.07 GB	3652.43 GB	0.03 %	-	125581	124706
-流量池-30MB-1个月-测试卡	P003726		正常	是	预付	-	630.00 MB	544.00 KB	629.47 MB	0.08 %	-	28	21
-流量池-6GB-1个月-	P003760		正常	是	预付	-	12.00 GB	729.23 MB	11.29 GB	5.93 %	-	6	2
-流量池-30GB-1个月-定向	P003797		正常	是	预付	-	330.00 GB	1.93 GB	328.07 GB	0.59 %	-	11	11
-流量池-20GB	P003829		正常	是	预付	-	2260.00 GB	56.24 GB	2203.76 GB	2.49 %	-	205	113
-流量池-300MB	P003833		正常	是	预付	-	300.00 MB	0.00 KB	300.00 MB	0.00 %	-	1	1
-流量池-1GB-1个月-定向	P003834		正常	是	预付	-	5.00 GB	2.36 MB	5.00 GB	0.05 %	-	5	5
-流量池-100MB-1个月	P003839		正常	是	预付	-	94.82 GB	453.86 MB	94.38 GB	0.47 %	-	1000	971
-流量池-2GB-1个月	P003853		正常	是	预付	-	28.00 GB	115.86 MB	27.89 GB	0.40 %	-	14	14

Mobile Data Services

We offer mobile data services to our customer, primarily comprising the provision of mobile data packages. We purchase mobile data from telecommunications services providers, providing them to customers. In 2022, 2023 and 2024, we had approximately four, nil, and nil customers for our mobile data services. Our customers primarily comprised internet and information technology companies. Our revenue from our mobile data services amounted to RMB19.3 million, nil and nil in 2022, 2023 and 2024, respectively. We began to strategically scale down our mobile data services since 2021 due to intense competition and narrowing profit margin. In 2023, we have completely discontinued this business segment.

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Below sets forth the steps from our beginning of collaboration with our customers to the completion of mobile data services:

Step one: The customer discusses with our sales team and enters into a purchase contract with us. We open an account for the customer on our platform.

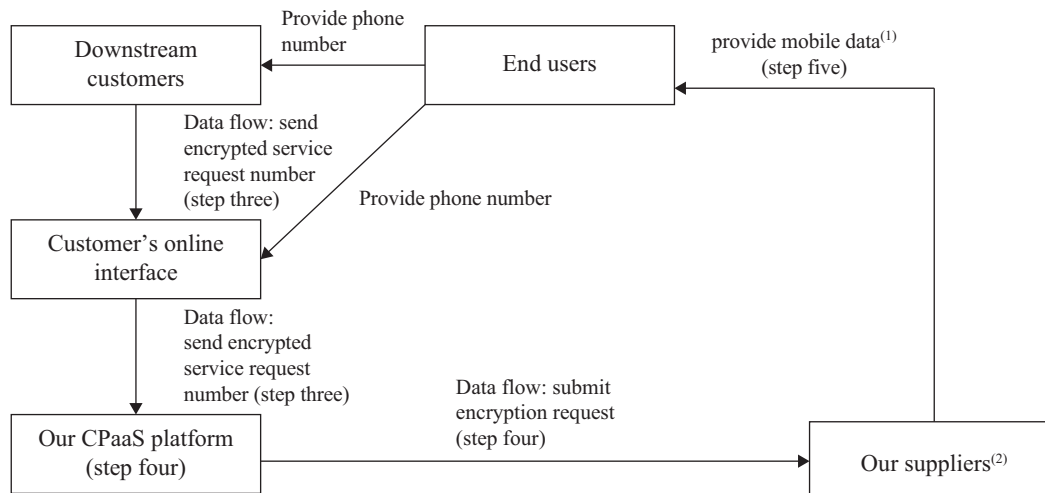
Step two: The customer connects its interface with the account on our platform, primarily through an API.

Step three: The customer makes a service request based on the requirements of its own customers or users (i.e. the end users) and makes payments to us.

Step four: We send the encrypted service request to data service providers. When the request is sent to data service providers, they forward the request to either other data service providers or to telecommunications operators to procure the mobile data services. We settle our payments with data service providers through prepayments upon request, where they deduct usage fees from our prepaid balance based on our usage.

Step five: The telecommunications operators that receive the procurement request provide the mobile data services.

Below sets forth a chart illustrating how we provide mobile data services:



* Dash lines indicate potential scenarios where a data service provider may be involved.

- (1) Our mobile data services were delivered by service providers. Service requests are sent to service providers, and we make payments to the service providers.
- (2) Suppliers can be either telecommunications operators or service providers. For the avoidance of doubt, in both cases, telecommunications operators are the ones which provide mobile data services. The service providers we collaborate with may procure their mobile data services from telecommunications operators directly or from other service providers, and there may be one or more tiers of intermediary service providers between our immediate service provider and the telecommunications operator providing the mobile data services. Telecommunications operators are the ultimate suppliers of mobile data services. In some cases, there's no other service providers between direct customers and end-users.

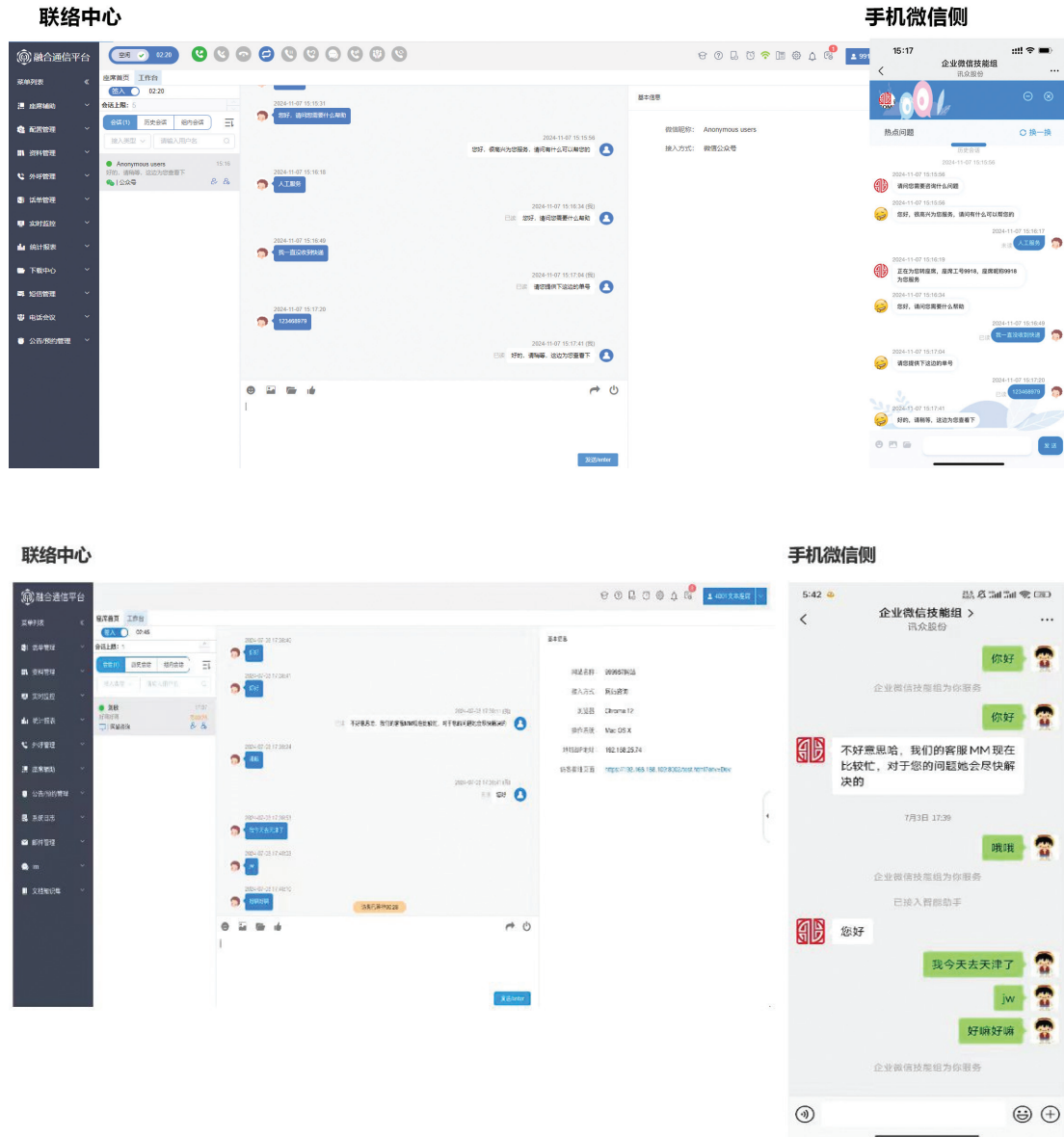
Virtual Goods Services

Our virtual goods services primarily comprise virtual goods membership points redemption services, which allow users to use their membership points to redeem mobile data packages and virtual goods such as streaming website membership subscriptions, coupons, and gift cards. Customers may use such mobile data packages and virtual goods as promotional incentives to engage their users. Our virtual goods services only contributed less than 4% of our total revenue during the Track Record Period and generally function as a value-added type of service that helps to increase customer stickiness. Our revenue from our virtual goods services amounted to RMB49.2 million, RMB26.6 million, and RMB18.5 million in 2022, 2023 and 2024, respectively.

Contact Center SaaS

Our Contact Center SaaS services are a suite of cloud-based software services that enable businesses to handle interactions with customers and potential customers. Customers access our Contact Center SaaS platform primarily through API and utilize our services across multiple digital channels, including websites, apps, WeChat mini-program, telephone, and video. Our Contact Center SaaS services comprise: (i) smart voice navigation, which enables our customers to more effectively handle voice requests by designing a flow tree that navigates to different nodes according to keywords identified in the voice input; (ii) smart text bot, which enables our customers to provide online smart question-and-answer services through text; (iii) smart service quality check, which enables our customers to more efficiently manage the performance of their call agents; (iv) smart service assistance, which provides recommended response to call agents for them to reply to their customers; (v) smart call bot, which communicates with callers through call bots; and (vi) video assistance, which enables customers to initiate video requests via mobile apps or WeChat mini-programs.

Below sets forth a screenshot of our Contact Center SaaS platform connecting with a customer's WeChat mini-program:

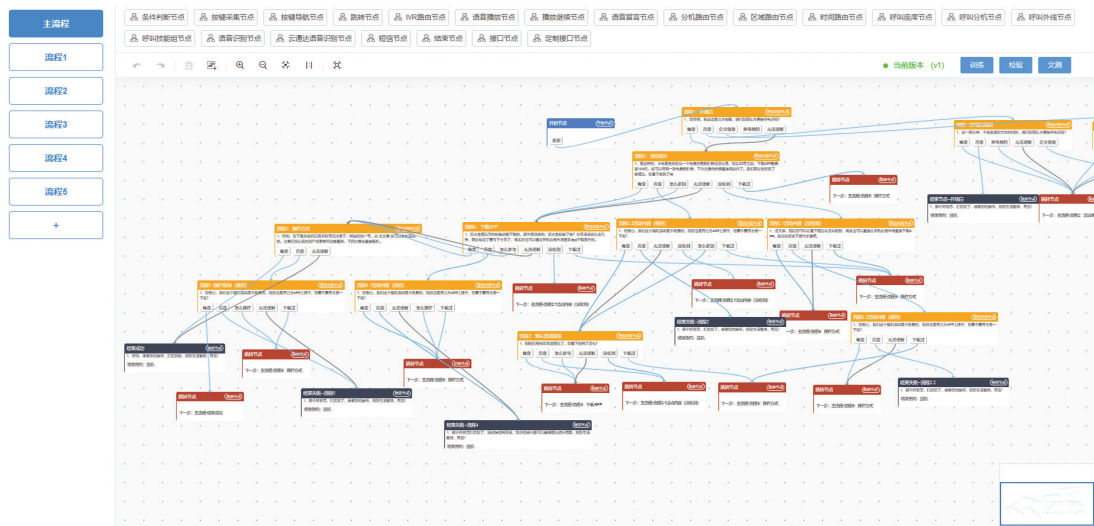


Below sets forth the customer-facing interface of our Contact Center SaaS:



Smart Voice Navigation

Our smart voice navigation service utilizes our proprietary voice analysis technology to convert voice input into text, recognize keywords, and navigate to specific nodes based on the keywords. Customers can design a flow tree on our Contact Center SaaS platform directing their call bot to go to different nodes based on keywords recognized in the caller/call recipient's voice input. For example, a bank may design a flow tree where if it receives a call in which the caller says "customer representative", it will direct the caller to a human customer representative, which is a node in the flow tree. Customers can design the flow tree on an easy-to-use visual interface, which does not require the customer to perform any coding, which is otherwise unavoidable for traditional flow tree systems. Below sets forth a no-code illustrative editing flow tree on our Contact Center SaaS customer-facing interface:



BUSINESS

Below sets forth the steps from our beginning of collaboration with our customers to the completion of our smart voice navigation services:

Step one: The customer discusses with our sales team and enters into a service contract with us. We open an account for the customer on our Contact Center SaaS platform.

Step two: The customer, if required, connects its interface with the account on our platform, primarily through an API.

Step three: Based on the customer's requirements, we help the customer design its flow trees. The design of the visual interface can be done via a no-code drag-and-drop method, meaning that our interface allows customers to build applications or design elements by dragging and dropping components without the need for programming knowledge. Some customers may connect with licensed or proprietary LLMs which we trained by way of API.

Step four: When an end user calls our customer's number, our interface answers the call and provides voice guidance according to the predefined flow trees and LLMs.

Case illustration: A bank wishes to answer its customers' calls using smart voice navigation. The bank can design a flow tree pursuant to which a call bot requests the caller to specify the reason of the call using predefined keywords such as "credit card" or "bank account". Using generic LLMs, our interface matches the spoken keywords with nodes in the flow tree and generates responses such as "I understand. What specifically would you like to inquire about your credit card?". If the smart voice navigation cannot adequately address the caller's issues, it can transfer the call to a human call agent.

Smart Text Bot

Our smart text bot service allows customers to provide online smart question-and-answer services through text. Smart text bot recognizes keywords in text input and navigate to the corresponding nodes to return answers. It also utilizes generic LLMs, which we license from reputable generic LLM providers in China, to provide more complex functions such as near-miss guesses, corrections, and associated questions recommendations. The table below sets forth examples of functions of our smart text bot:

Functions	Scenarios	Functions	Scenarios
Word-by-word association		Near-miss guess	
Corrections		Transfer to call agents	
Associated questions recommendation .		Feedback collection	

Below sets forth the steps from our beginning of collaboration with our customers to the completion of our smart text bot services:

Step one: The customer discusses with our sales team and enters into a service contract with us. We open an account for the customer on our Contact Center SaaS platform.

Step two: The customer, if required, connects its interface with the account on our platform, primarily through an API.

Step three: Based on the customer's requirements, we help the customer develop standard knowledge base Q&As, and adapt to specific scenarios. Some customers may opt to connect with generic LLMs for response generation. Generic LLMs can be connected to the interface by way of API.

Step four: When an end user inputs text, our interface generates responses according to the standard Q&A in the knowledge base or by leveraging the generic LLMs.

Case illustration: A company wishes to set up a popup chat window on its website to answer questions from potential customers. Using our smart text bot services, it can preset standard knowledge base Q&As or use generic LLMs pursuant to which the popup chat window generates answers to a visitor's questions.

Smart Service Quality Check

Our smart service quality check provides our customers with a platform to manage the service quality and performance of their call agents. Our service converts voice calls into call transcripts and video interactions into pictures and allows our customers to monitor the service quality of their call agents using keyword recognition and end user motion detection based on the content of the conversations. Furthermore, smart service quality check analyzes the content of call transcripts to identify errors such as incorrect categorization of work assignments, repeated calls to disinterested recipients, and complaints. Below sets forth a screenshot of the user interface of the smart service quality check function:



Below sets forth the steps from our beginning of collaboration with our customers to the completion of our smart service quality check services:

Step one: The customer discusses with our sales team and enters into a service contract with us. We open an account for the customer on our platform.

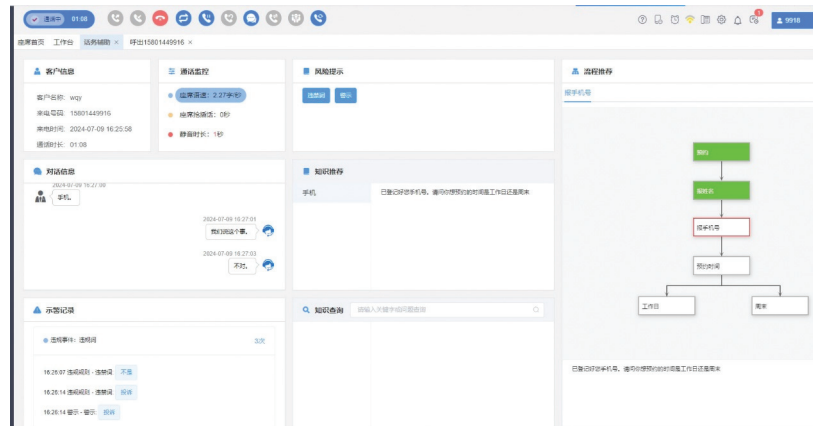
Step two: The customer, if required, connects its interface with the account on our platform, primarily through an API.

Step three: We input the number of call agents and their corresponding phone numbers. The supervisor can then use an interface as shown above to employ the smart service quality check services.

Case illustration: A company has 15 call agents and uses our smart service quality check to supervise their daily work. The customer's interface displays the errors made by its call agents during both outbound and inbound calls. Our smart quality check also analyzes the conversations between the call agents and the callers to identify inappropriate language.

Smart Service Assistance

Smart service assistance enables real-time assistance to call agents. It provides transcripts of the conversation for call agents. It also provides recommended responses by utilizing natural language processing technology. In addition, it enables our customers to monitor their call agents' voice or video interactions in real time, suggest potential replies to call agents through natural language processing, and issue warnings to call agents for inappropriate behavior and language. Below sets forth a screenshot of the user interface of our smart service assistance function:



Below sets forth the steps from our beginning of collaboration with our customers to the completion of our smart service assistance services:

Step one: The customer discusses with our sales team and enters into a service contract with us. We open an account for the customer on our platform.

Step two: The customer connects its interface with the account on our platform, primarily through an API.

Step three: We input the number of call agents to be supervised and their corresponding phone numbers. Call agents can then log in on our interface and use the functions available.

Case illustration: A company wishes to use our smart service assistance to improve the service quality of its call agents. When the company's customer representatives make calls, our interface suggests potential responses to the customer representatives, issues warning when they use inappropriate language, and allows the supervisor of the customer representatives to monitor the calls in real-time.

Smart Call Bot

Our smart call bot service provides customers with call bots to handle and manage calls. We utilize natural language processing technology, which enables our call bots to provide natural and human-like responses if an unprepared question is asked. Common use cases for smart call bot include callbacks, call promotions, and call notifications. Our smart call bot service offers the following functions:

- *Call Management:* Our smart call bot service enables customers to schedule and assign outbound calling tasks to initiate calls at predetermined times.
- *Voice Outbound Calling:* Our voice outbound calling function enables automated voice calls to be made to designated numbers, determination of caller intent through speech recognition and keyword recognition, and automated transfer to call agents.
- *Outbound Call Review:* Our smart call bot service provides access to outbound call results and offer comprehensive data analytics, including the ability to listen to call recordings, view transcripts, and check statistics such as call success rates and call duration.
- *Call Process Management:* Our smart call bot service provides customers with a visual call script management tool that enables them to label and categorize standard call responses and call scripts, such as greetings and closing remarks. Using this tool, our customers can also customize standard call scripts and arrange them in orders to be read to the callers. It also supports response to inquiries within the call and can return to a previous node in the call if needed.

Below sets forth the steps from our beginning of collaboration with our customers to the completion of our smart call bot services:

Step one: The customer discusses with our sales team and enters into a service contract with us. We open an account for the customer on our platform.

Step two: The customer connects its interface with the account on our interface, primarily through an API.

Step three: Based on the customer's requirements, we help the customer set up flow trees to manage the call process. The design of the flow trees can be done via no-code drag-and-drop. The customer can also pre-set numbers to be called and scheduling of the calls.

Step four: According to the call schedule pre-set by customers, smart call bots initiate calls to designated numbers. During the conversation with the call recipients, the bots can navigate to different nodes in the flow trees using speech recognition and keyword recognition.

Step five: Utilizing our outbound call review function, the customer can review the call recordings and transcripts and check statistics such as call success rates, which the customer can use to improve its calls in the future.

Case illustration: A company wants to conduct a customer survey to ask for feedback on its products. It uses our smart call bot services to call its customers instead of hiring call agents to call manually.

Video Assistance

Video assistance enables customers to initiate video requests via mobile apps or WeChat mini-programs. Upon receiving such requests, the system provides an interactive voice and video response to the users, which allows them to interact with the system through both voice and video inputs and outputs. This initial interaction is followed by a queuing-and-routing process that smartly assigns the customer to a call agent, establishing a high-quality video call. This system is equipped with a range of functionalities including consultation, call transferring, and recording capabilities. Examples of such functions include:

- providing a visual robot for information inquiry;
- video customer representative;
- facial recognition; and
- location sharing.

Case Study: A District Hotline — Smart Quality Inspection System

Background: As urbanization accelerates, citizen demand for public services surged, accompanied by higher expectations for service quality. The Social Comprehensive Governance Coordination Center of a district in Suzhou City handles a vast number of incoming hotline calls from residents daily, including complaints, inquiries, and suggestions. Manual quality inspection of the Center's call agents' performance was not only time-consuming and labor-intensive but also susceptible to subjective bias of the reviewer.

Solution: To address these issues, we built a smart quality inspection system powered by voice recognition and data analytics to provide comprehensive, objective, and efficient monitoring of the call agents' handling of hotline calls. The system's main functions include converting voice call recordings into text through speech recognition and using data analytics to assess the service quality, efficiency, and professionalism of the call agents. Based on the results, the system generates service quality reports to evaluate the call agents' performance and help them improve their skills.

Benefits:

- enhanced government service quality;
- improved work efficiency; and
- improved the management of service personnel.

Revenue Model

For CPaaS, we charge customers based on usage and price per unit. Specifically, for our messaging services, we charge customers by the number of messages successfully sent, multiplied by the price per message as stipulated in the contract. The price is generally a price range. For voice services, we charge customers based on the call duration, multiplied by the price per minute. For mobile data, we charge by the amount of data used, multiplied by the price per unit specified in the selected data package. For virtual goods services, we recognize revenue on a net basis, meaning that we recognize as revenue the difference between the price we paid to our suppliers and the amount we received from our customers. Our revenue from our CPaaS services amounted to RMB632.5 million, RMB779.7 million, and RMB796.4 million in 2022, 2023 and 2024, respectively.

For Contact Center SaaS customers, our pricing generally consists of three components: a number rental fee, a seat fee, and a call fee. The number rental fee is a monthly fee per number rented for receiving and making calls. The seat fee is a monthly fee charged by the number of call bots that the customer wants to make available in the case of smart voice navigation, smart text bot, smart call bot and video assistance. For smart service quality check and service assistance, seat fee is charged by month based on the number of call agents under supervision. The call fee is based on the duration of the calls and pertains to the use of voice services on the Contact Center SaaS platform. Our revenue from our Contact Center SaaS services amounted to RMB62.2 million, RMB71.0 million and RMB69.6 million in 2022, 2023 and 2024, respectively.

Our CPaaS and Contact Center SaaS customers settle their fees payable to us generally through two methods: (i) sales to post-paid customers, where customers pay after services are rendered, usually on a monthly basis; and, to a lesser degree, (ii) sales to pre-paid customers, where customers make prepayments to us, and we deduct fees from the prepayments based on the customers' actual usage. Such prepayments entirely cover the customer's purchases from us. The settlement process for our post-paid customers and for our pre-paid customers consists of three stages. See “— Our Customers — General Terms of Contracts with Major Customers”.

When procuring telecommunications resources, we generally settle our fees payable to telecommunications operators and service providers through prepayments. The telecommunications operators and service providers deduct fees from our prepayments based on our actual usage and the final price charged as confirmed in a price confirmation letter. We reconcile our record of usage with the telecommunications operators' when we settle payment. If our usage exceeds our prepayment, we will settle the exceeding amount by post-payment. We may make additional prepayments or be required by our suppliers to adjust our future prepayment amount, such as when we consistently exceed our original expected usage.

BUSINESS

The table below sets forth a summary of the pricing terms, payment terms, credit terms, and revenue recognition policy for each of our cloud-based communications services:

Service	Pricing Terms	Payment Terms	Credit Terms	Revenue Recognition
CPaaS				
Messaging services	Usage-based, charged by the number of messages successfully sent, multiplied by the price per message	<ul style="list-style-type: none"> • Postpayment — usually billed monthly • Prepayment — fee deducted from prepaid amount in real-time based on actual usage 	Within a specified time period after billing or the issuance of invoice	Revenue is determined by applying the contractual unit price to the monthly usage volume utilized by the customers and recognized at point in time when the messages are sent to customers. Revenue of the next month is adjusted if there is a discrepancy between our records and our customers.
Voice services	Usage-based, charged by call duration multiplied by the price per minute	<ul style="list-style-type: none"> • Postpayment — usually billed monthly • Prepayment — fee deducted from prepaid amount in real-time based on actual usage 	Within a specified time period after billing or the issuance of invoice	Revenue is determined by applying the contractual unit price to the monthly usage volume utilized by the customers and recognized at point in time when the voice calls were made. Revenue of the next month is adjusted if there is a discrepancy between our records and our customers.
IoT mobile data pool and management.	Comprises (i) a fixed card fee and (ii) a data usage fee based on the amount of data used	Prepayment — data usage fee deducted from prepaid amount based on actual usage	Within a specified time period after billing or the issuance of invoice	Revenue derived from sales of SIM card is recognized at the time of sale. Revenue derived from sale of data is recognized at the time of sale.

BUSINESS

Service	Pricing Terms	Payment Terms	Credit Terms	Revenue Recognition
Mobile data services . . .	Usage-based, charged by the amount of data used, multiplied by the price per unit specified in the data package	<ul style="list-style-type: none"> • Postpayment — usually billed monthly • Prepayment — fee deducted from prepaid amount in real-time based on actual usage 	Within a specified time period after billing or the issuance of invoice	Revenue derived from sale of mobile data is recognized at the time of sale.
Virtual goods. . . .	Margin-based, the selling price is determined based on our purchase cost	<ul style="list-style-type: none"> • Mobile data packages — prepayment • Virtual goods — postpayment 	Within a specified time period after billing or the issuance of invoice	Revenue is recognized on a net basis and recognized when the end user receives the virtual goods.
Contact Center SaaS				
Smart voice navigation .	Consists of <ul style="list-style-type: none"> • Number rental fee — monthly fee per number rented • Seat fee — monthly fee charged by the number of call bots used • Call fee — charged by call duration 	<ul style="list-style-type: none"> • Postpayment — usually billed monthly • Prepayment — fee deducted from prepaid amount in real-time based on actual usage 	Within a specified time period after billing or the issuance of invoice	Revenue derived from number rental fee is recognized monthly based on the contractual price. Revenue derived from seat fee is recognized monthly based on the contractual price. Revenue derived from call fee is determined by applying the contractual unit price to the monthly usage volume utilized by the customers and recognized at point in time when the voice calls were made. Revenue of the next month is adjusted if there is a discrepancy between our records and our customers.

BUSINESS

Service	Pricing Terms	Payment Terms	Credit Terms	Revenue Recognition
Smart text bot	Consists of <ul style="list-style-type: none"> • Number rental fee — monthly fee per number rented • Seat fee — monthly fee charged by the number of call bots used 	<ul style="list-style-type: none"> • Postpayment — usually billed monthly • Prepayment — fee deducted from prepaid amount in real-time based on actual usage 	Within a specified time period after billing or the issuance of invoice	Revenue derived from number rental fee is recognized monthly based on the contractual price. Revenue derived from seat fee is recognized monthly based on the contractual price.
Smart service quality check. . . .	Consists of <ul style="list-style-type: none"> • Number rental fee — monthly fee per number rented • Seat fee — monthly fee charged by the number of call agents supervised 	<ul style="list-style-type: none"> • Postpayment — usually billed monthly • Prepayment — fee deducted from prepaid amount in real-time based on actual usage 	Within a specified time period after billing or the issuance of invoice	Revenue derived from number rental fee is recognized monthly based on the contractual price. Revenue derived from seat fee is recognized monthly based on the contractual price.
Smart service assistance .	Consists of <ul style="list-style-type: none"> • Number rental fee — monthly fee per number rented • Seat fee — monthly fee charged by the number of call agents supervised • Call fee — charged by call duration 	<ul style="list-style-type: none"> • Postpayment — usually billed monthly • Prepayment — fee deducted from prepaid amount in real-time based on actual usage 	Within a specified time period after billing or the issuance of invoice	Revenue derived from number rental fee is recognized monthly based on the contractual price. Revenue derived from seat fee is recognized monthly based on the contractual price. Revenue derived from call fee is determined by applying the contractual unit price to the monthly usage volume utilized by the customers and recognized at point in time when the voice calls were made. Revenue of the next month is adjusted if there is a discrepancy between our records and our customers.

BUSINESS

Service	Pricing Terms	Payment Terms	Credit Terms	Revenue Recognition
Smart call bot	<p>Consists of</p> <ul style="list-style-type: none"> • Number rental fee — monthly fee per number rented • Seat fee — monthly fee charged by the number of call bots used • Call fee — charged by call duration 	<ul style="list-style-type: none"> • Postpayment — usually billed monthly • Prepayment — fee deducted from prepaid amount in real-time based on actual usage 	Within a specified time period after billing or the issuance of invoice	<p>Revenue derived from number rental fee is recognized monthly based on the contractual price.</p> <p>Revenue derived from seat fee is recognized monthly based on the contractual price.</p> <p>Revenue derived from call fee is determined by applying the contractual unit price to the monthly usage volume utilized by the customers and recognized at point in time when the voice calls were made. Revenue of the next month is adjusted if there is a discrepancy between our records and our customers.</p>

BUSINESS

Service	Pricing Terms	Payment Terms	Credit Terms	Revenue Recognition
Video assistance .	Consists of <ul style="list-style-type: none"> • Number rental fee — monthly fee per number rented • Seat fee — monthly fee charged by the number of call bots used • Call fee — charged by call duration 	<ul style="list-style-type: none"> • Postpayment — usually billed monthly • Prepayment — fee deducted from prepaid amount in real-time based on actual usage 	Within a specified time period after billing or the issuance of invoice	<p>Revenue derived from number rental fee is recognized monthly based on the contractual price.</p> <p>Revenue derived from seat fee is recognized monthly based on the contractual price.</p> <p>Revenue derived from call fee is determined by applying the contractual unit price to the monthly usage volume utilized by the customers and recognized at point in time when the voice calls were made. Revenue of the next month is adjusted if there is a discrepancy between our records and our customers.</p>

Project-Based Communications Solutions

Our project-based communications solutions utilize software or a combination of software and hardware to enhance communications and connectivity for organizations across many use cases, such as municipal governance and safety. We believe our solutions business holds significant growth potential as the increasing trend of digital transformation in the PRC public sector could create additional use cases for our solutions. We leverage technologies such as data analytics, cloud computing, edge computing, and visual recognition to develop solutions based on a customer's individual demand. Our project-based communications solutions business belongs to smart communications solution as described in the "Industry Overview".

In a solution project where both software and hardware components are required, we typically procure the hardware component, such as IoT devices and surveillance cameras, from qualified suppliers, and develop the software component in-house. Common use cases of our solutions include:

- *Municipal Governance:* Our solutions for this use case covers public transportation, emergency command platforms, and elderly care. For example, in public transportation, our solution enables the local transportation department to monitor bus drivers using visual surveillance and sensors to ensure compliance with safe driving protocols. Our municipal governance solutions aim to facilitate the digital transformation of government organizations and improve the efficiency and quality of municipal governance.
- *Safety:* We provide product safety solutions such as smart kitchens and industrial parks, which aim to monitor the production process to ensure adherence to proper safety and health protocols.

Revenue Model

Our project-based communications solutions primarily follow a project-based pricing model, where customers are generally billed by milestones outlined in the project contract. Such milestones generally include (i) a down payment upon signing the project contract, generally representing a percentage of the total fees charged for the project. After receiving the down payment, we commence work; (ii) a second payment upon the substantial completion and acceptance of the project. Alternatively, the customer may make a second payment after the solution is implemented; (iii) after a test-run period and final confirmation that all material criteria of completion have been met, the customer makes a third payment; and (iv) a final payment after the project has been put into use, provided that there are no issues with the project. Starting from the date of delivery and acceptance of the project, we offer free maintenance to the customer for one year. After one year, we charge an annual maintenance fee, generally around 10% of the contract amount. This fee covers after-sales services, including remote system inspection and related expenses, as well as costs of access to leased cloud servers and other necessary resources to maintain and support the solution. We generally grant a credit period of 30 to 90 days from the milestone billing or project delivery to our customers. For our large customers and customers with strategic importance, we are generally more lenient in our enforcement of the credit period to maintain good business relationships with them.

Revenue derived from project-based communications solutions is recognized when the solutions and related services are delivered to and accepted by the customers. When the related services are to be rendered over a specific period, revenue is recognized within that period by instalment. In 2022, 2023 and 2024, revenue derived from smart communication solutions was RMB20.5 million, RMB13.8 million and RMB13.9 million, respectively.

In 2022, 2023 and 2024, 7, 13 and 8 of our project-based communications solutions projects underwent a bidding process, respectively.

The steps of our development process for project-based communications solutions projects vary case by case. The order of the steps may also vary in different cases, in general the steps are:

Step one: We identify the potential customer demands by discussing with their representatives, conducting due diligence to understand their current IT system, analyzing the advantages and drawbacks of the current IT system and collecting relevant public information. We also conduct an in-depth demand assessment, which helps us to understand prospects of similar projects in the future.

Step two: We will formulate a plan for project-based communications solutions. We prepare and develop the project-based communications solutions, which may include coding, building the customer interface, and testing product functionalities.

Step three: We conduct trial tests and collect feedback on issues the project-based communications solutions encountered, which in turn helps us to further optimize and improve the project-based communications solutions.

Step four: We proceed to implement the project-based communications solutions, including establishing project-based communications solutions, formulating policies and standards, and training the customers' employees.

Step five: Depending on the terms of the contract, we provide ongoing after-sales service and support and make adjustments and improvements based on customer feedback.

When we participate in the bidding process of a government project, we begin by tracking bidding announcements published by government departments through government bidding websites, relevant industry platforms, and other channels. Once we identify a potential opportunity, we examine the bidding documents and study the bidding requirements, technical standards, evaluation criteria, and other key contents. We also research our competitors to gain a better understanding of our competitive points. Based on the information, we formulate a detailed proposal that highlights our strengths and competitive features. We then prepare the bidding documents, including the bid proposal, relevant licenses and certifications, proposed solution and project implementation plan, and quotation documents. We then submit these documents before the specified bidding deadline. For corporate project bidding, we go through a similar preparatory process.

BUSINESS

The table below sets forth a summary of the pricing terms, payment terms, credit terms, and revenue recognition policy for our project-based communications solutions:

Service	Pricing Terms	Payment Terms	Credit Terms	Revenue Recognition
Project-based communications solutions	Project-specific, determined through bidding	<ul style="list-style-type: none"> • Lump sum after delivery • By instalments after reaching billing milestones 	Generally, up to 90 days from billing milestone or delivery	Revenue is recognized when the project is delivered and accepted.

Case Studies

Case 1: A Local Emergency Management Bureau

Background: A local Emergency Management Bureau needed to manage the production safety of over twenty of enterprises in an industrial park. It faced various challenges, including communication bottlenecks that lacked sufficient capacity to handle a large volume of requests during emergencies, leading to network congestion or failure, as well as an inability to predict and respond effectively to emergencies. Furthermore, aging and inadequately maintained hardware impact the system’s stability and reliability.

Solution: Through on-site inspections and interviews with safety managers, we identified potential risks and designed a solution combining hardware such as IoT sensors and surveillance cameras and software such as safety management and coordination systems. The solution offered a platform capable of monitoring the safety status of over twenty enterprises in the industrial park, providing functions such as real-time surveillance through IoT cameras and real-time detection of breach of safety protocols through visual recognition and edge computing. The platform also enabled the safety command center of the industrial park to handle security incidents through remote audio and video communication, enhancing the command center’s emergency rescue and command capabilities.

Benefits:

- effective prevention of major accidents; and
- enhanced safety supervision.

Case 2: Smart School Kitchen

Background: In recent years, local governments have implemented operational protocols and promoted transparency of school kitchens. Schools, educational departments, and parents all called for a more effective method to manage school kitchens.

Solution: We built a solution that utilizes various technologies such as cloud computing, IoT, and data analytics to create a school kitchen management platform that enabled real-time detection of suspicious and inappropriate activities like breaches of sanitary protocols and production of statistics to help improve kitchen management.

Benefits:

- enhanced food safety;
- greater transparency; and
- collaborative supervision.

Other Communications Services and Accessories

In addition to our main services and solutions, we also offer other communication services and accessories, mainly comprising specialized mobile phones, contact center outsourcing, and video conference solutions. In 2022, 2023 and 2024, our revenue derived from other communications services and accessories amounted to RMB94.5 million, RMB51.2 million, and RMB37.6 million, respectively. Our gross profit derived from other communications services and accessories amounted to RMB3.9 million, RMB2.3 million, and RMB1.5 million in 2022, 2023 and 2024, respectively, while our gross profit margin for other communications services and accessories was 4.1%, 4.6% and 4.0%, respectively.

Specialized Mobile Phones

Our specialized mobile phones business primarily comprises procuring specialized mobile phones from manufacturers, installing third-party and/or our own proprietary software based on customer requirements, and reselling them to other technology companies and local government. We mainly provide two types of specialized mobile phones: (i) law enforcement mobile phones and (ii) explosion-proof intercom mobile phones. We source both types of phones from top smart device brands in China. Our law enforcement mobile phones are primarily sold to police bureau, pre-installed with our proprietary video conferencing software. Our explosion-proof intercom mobile phones combine the communications functionality, audio and video recording capabilities, and real-time GPS tracking feature of smartphones with traditional two-way radio features. It also features a push-to-call function that enables users to quickly signal for help in emergency situations. Our explosion-proof intercom mobile phones are primarily used in fields such as public safety, petrochemical industry, and coal mining, offering easy management, low call costs, and long-range communication capabilities. In 2022,

2023 and 2024, we had approximately five, four, and nil customers for our specialized mobile phones, respectively. We have been scaling down our specialized mobile phones business since 2022 primarily due to low profitability.

Contact Center Outsourcing

Our contact center outsourcing business comprises the provision of outsourced customer services through our call agents, primarily to telecommunications operators, information technology companies, and other companies whose in-house customer service staff cannot meet all their business needs. The services we provide include routine customer service and daily marketing tasks such as handling information inquiries, user complaints, product and service promotion, and customer satisfaction surveys over hotlines. We use our customers' systems or platforms to provide our services. We charge our customers periodically based on the number of call agents we provided, service hours, and quality of services. Our procurement from suppliers for contact center outsourcing primarily comprises human resources services. We provide training to our suppliers to ensure they can provide customer services that are on par with our in-house call agents' in terms of quality and meet our customers' specific requirements regarding service content and performance indicators. In 2022, 2023 and 2024, we had approximately 37, 18 and 5 customers for our contact center outsourcing, respectively. We have been scaling down our contact center outsourcing business since 2021 primarily due to low profitability.

Video Conference Solutions

Our video conference solutions business comprises the provision of solutions that combine hardware and software to enable easy-to-deploy video conferencing with stable connection and low latency. We primarily procure hardware and basic software from our suppliers, which we integrate into our video conferencing system to create customized solutions tailored to the specific needs of our customers. Our revenue from video conference solutions primarily derives from video conferencing subscription fees and video conferencing system solution fees, the latter of which are determined through bidding processes or commercial negotiations. Video conferencing subscription fees vary based on the scale of the virtual meeting and length of subscription such as by month, quarter, or year; and are paid according to different subscription durations such as monthly, quarterly, or annually. In addition to the solutions, we also provide operational support and maintenance services. In 2022, 2023 and 2024, we had approximately 356, 210, and 116 customers for our video conference solutions, respectively. Our customers for video conference solutions come from diverse sectors, including insurance, investment banking, pharmaceuticals, information technology, and SOEs. We have been scaling down our video conference solutions business since 2022 due to relatively low profitability and increasingly strong competition from free video conference software offered by large internet companies.

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REVENUE MODEL

The table below sets forth a summary of the pricing terms, payment terms, credit terms, and revenue recognition policy for each of our other communications services and accessories:

Service	Pricing Terms	Payment Terms	Credit Terms	Revenue Recognition
Specialized mobile phones	Charged by unit price, multiplied by the number of devices sold	Lump sum or installment after signing of contracts	Generally, up to 90 days from billing milestone or delivery	Revenue derived from sales is recognized at the time of sale.
Contact center outsourcing	Charged based on the number of call agents provided, service hours, price per call agent and quality of services	Postpayment — usually billed monthly	Within a specified time period after billing or the issuance of invoice	Revenue is recognized monthly based on the contract value.
Video conference solutions	<ul style="list-style-type: none"> • Project-specific for video conference system solutions; or • Subscription fee based on number of subscribers, unit price, and length of subscription for video conferencing subscription 	<ul style="list-style-type: none"> • Project-specific — lump sum after delivery, or by instalments after reaching billing milestones • Subscription fee — prepayment 	<ul style="list-style-type: none"> • Project-specific — generally, up to 90 days from billing milestone or delivery 	Revenue is recognized throughout the contract period by installment.

OUR TECHNOLOGY INFRASTRUCTURE

We lease cloud-based ECS servers and localized physical IDC servers, on which our platforms and services are hosted. ECS servers offer high scalability and can accommodate rapid increases in capacity demand. We primarily use ECS servers for our CPaaS and Contact Center SaaS services. Our leased IDC servers are located in various locations in China. We generally use IDC servers in project-based communications solutions for customers with stringent data security requirements, such as government organizations.

For aspects of our Contact Center SaaS services involving handling of complex voice or text requests, we connect to (i) generic LLMs, which are leased from reputable providers in China and integrated with our services; and, in certain cases, (ii) specific LLMs provided by our customers. LLMs are generally used when we encounter scenarios that are not covered by our scripts or at the request of our customers. In the future, we plan to lease computing power for training specific LLMs, which includes purchasing and leasing GPUs and other hardware to provide computing power. We also plan to outsource certain specific-LLM training work. For details, see “Future Plans and Use of Proceeds — Use of Proceeds.”

Our CPaaS and Contact Center SaaS services rely on the telecommunications and internet infrastructure of major telecommunications operators and other service providers in China. See “Risk Factors — Risks Relating to our Business and Industry — Our services and solutions depend on the telecommunications and internet infrastructure, servers, technologies, software and hardware provided by telecommunications operators, service providers, and other suppliers. Unexpected system failures, interruptions, and inadequacies may harm our business and results of operations.”

Our project-based communications solutions are deployed on our customers’ systems. Such solutions may require computing power, which we license from internet companies. Our project-based communications solutions may or may not utilize specific LLMs, depending on the individual needs of our customers. Such specific LLMs are provided by our customers. If specific LLMs are used, we may train such specific LLMs by leasing computing power or through outsourcing such training.

OUR TECHNOLOGIES

Technologies are vital to our service offerings. Over the years, we have developed a series of proprietary technologies, which enable our cloud-based communication services and project-based communications solutions to compete effectively. Below sets forth major examples of our recently developed technologies:

Online Status Check

Our online status check technology enables customers to verify in real-time whether a mobile number provided by our customer is active and in use. This prevents our services from contacting inactive or void mobile numbers, thereby avoiding resource wastage. As it is based on real-time data, our online status check technology is more reliable than traditional methods that may rely on outdated information. Customers can simply input or select the number to be checked and receive instant results. This technology is primarily used in our project-based communications solutions, CPaaS and Contact Center SaaS services, in particular in our services provided to telecommunication operators.

Number Screening

Our number screening technology uses data analytics to prevent our customers from contacting invalid and inactive numbers, high-risk numbers, or those of disinterested recipients. It also enhances privacy and security protection by blocking spam calls and messages, and offers our customers the option of setting up specific time period and other blocking parameters for incoming call/message blocking. This technology is primarily used by our CPaaS voice and messaging services, in particular in our services provided to large internet and technology companies.

Layered Video Encoding

Layered video encoding allows our customers to encode videos at different resolutions, splitting the video into multiple layers, each corresponding to a specific resolution. Different recipient terminals can choose to receive and decode the video at the resolution that best suits its needs. Only the data for one resolution is transmitted, reducing the amount of data transmitted and reducing transmission time and costs. This technology is utilized by our Contact Center SaaS and project-based communications solutions where video conferencing is used. In particular, this technology is utilized in our services provided to a multilateral development bank headquartered in China with global offices.

Multi-Dimensional Membership Benefits Distribution Technology

Our multi-dimensional membership benefits, such as virtual goods, distribution technology matches the most suitable service and benefits packages with our customers based on analysis of data such as customers' past activities, spending habits, and contribution levels. Such membership benefits include virtual goods such as virtual coupons and gift cards. This technology allows us to recommend packages to customers that better fit their individualized demands and activity levels, thereby enhancing customer satisfaction and loyalty. Our CPaaS services leverage this technology to improve user retention and recommendation rates. This technology is extensively utilized in the services we provide to our bank customers. We are currently in the process of applying for a patent for this technology.

INTELLECTUAL PROPERTY

As of December 31, 2024, we had 23 registered trademarks, 201 registered computer software copyrights, seven registered patents, and six registered domain names in China. For further details of the intellectual property rights that are material to our business operations, see “Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group” in Appendix VI to this prospectus.

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We protect our intellectual property rights through a combination of copyrights, trademarks, patents, and other forms of intellectual property rights available, as well as confidentiality and license agreements with our employees, suppliers, customers, and other parties. We generally require our research and development personnel to enter into confidentiality agreements acknowledging that inventions, trade secrets, developments, and other processes generated by them in the course of their employment are our property and assigning to us any ownership rights that they may claim in these works. Despite our precautions, however, third parties may obtain and use our intellectual property or license without our consent. We are not aware of any such breaches of our intellectual property rights during the Track Record Period. For further details of the risks relating to our intellectual property rights, see “Risk Factors — Risks Relating to Our Business and Industry — Unauthorized use or other violation of our intellectual property rights by our customers, employees and/or third parties may harm our brand and reputation. The expenses incurred in protecting our intellectual property rights may materially and adversely affect our business. We may also be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business operations.” We have not experienced any material disputes or claims for infringement of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

RESEARCH AND DEVELOPMENT

Our research and development work are primarily related to our cloud-based communications services and project-based communications solutions. Our research efforts aim to enhance our existing service and solution offerings and develop new technological innovations to increase our competitiveness.

Research Staff and Facilities

We have two research and development centers, the Technological Research and Development Center and the Innovation Research and Development Center, both located at our headquarters in Beijing. The Technological Research and Development Center focuses on upgrading and developing services and platforms in relation to our existing offerings and business, primarily cloud-based communications services and project-based communications solutions. The Innovation Research and Development Center focuses on forward-looking research and development in relation to future business development and service innovation needs.

We incurred research and development expenses of RMB45.7 million, RMB40.5 million, and RMB38.1 million in 2022, 2023 and 2024, respectively, accounted for approximately 5.6%, 4.4%, and 4.1% of our revenue for each of the corresponding periods, respectively. As of December 31, 2024, we had 67 research and development employees, representing approximately 32% of our total headcount. Our research and development team includes computer scientists and software engineers. As of December 31, 2024, all of our research and development personnel held diploma, bachelor’s and/or master’s degree.

Over the next three years, we plan to focus on developing programs for specific LLM training and application for our CPaaS, Contact Center SaaS, and project-based communications solutions. We plan to recruit approximately 78 additional developers, engineers, and product managers to focus on such training and building efforts. For further details, see “Future Plans and Use of Proceeds — Use of Proceeds”.

In-House and Outsourced Research and Development

Our research and development work comprises a combination of in-house and outsourced research. Our in-house research focuses on developing and upgrading core technologies for our main businesses where we have established expertise, in particular cloud-based communications services and related parts in our project-based communications solutions. During the Track Record Period, our in-house research primarily focused on developing and upgrading (i) our Contact Center SaaS services, including smart voice navigation, service quality checks, and video assistance; and (ii) software components for our project-based communications solutions.

To complement our in-house capabilities and optimize resource allocation, we selectively outsource certain research and development activities to effectively address specific project requirements, accelerate research speed, and meet the demands of a broader and more diversified customer base. We make the decision to outsource certain research and development tasks based on evaluation of factors including project-specific demand, cost-effectiveness, and development efficiency. Our outsourced research is carefully managed to ensure that core technologies remain under our direct control and are developed in-house, and that outsourced research matters do not compromise our technological independence. We have applied for software copyrights for certain results as deemed necessary. As our outsourced research matters are non-core in nature, they do not significantly impact our revenue generation abilities. During the Track Record Period, we outsourced certain research and development work to some of our major suppliers, namely Supplier B, and Supplier F. For details, see “— Our Suppliers — Our Major Suppliers”.

OUR SUPPLIERS

Our Major Suppliers

Our major suppliers during the Track Record Period primarily comprised telecommunications service providers and technology companies whose scopes of services included cloud-based communications services similar to ours, as it is common practice for cloud-based communications service providers like us to procure telecommunication services from other cloud-based communications service providers, according to F&S. All our major suppliers during the Track Record Period and up to the Latest Practicable Date were Independent Third Parties based in China. Our major suppliers primarily consisted of private companies whose ultimate beneficial owners, founders, or key personnel were individuals who had long standing business relationships with us. We became acquainted with our major suppliers primarily through: (i) business relationships with key personnel of certain major

suppliers who had previously collaborated with us or our employees; (ii) industry networking events and communication groups; and (iii) referrals by common acquaintances, business partners, or industry peers. Our procurement from our major suppliers comprised primarily telecommunication resources for our CPaaS and Contact Center SaaS businesses, including messaging and voice services, IoT SIM card, and mobile data. We also procured cloud-based server capacity that we used for our services and solutions. In 2022, 2023 and 2024, our purchases from our five largest suppliers in each year accounted for 38.1%, 50.4%, and 57.4% of our total cost of sales for the same year, respectively, with purchases from our largest supplier in each year accounting for 11.6%, 20.9%, and 29.0% of our total cost of sales for the same year, respectively.

During the Track Record Period, Customer E was one of our suppliers, while Supplier I and Supplier F were also our customers, with Supplier I being one of our major customers, Customer G. We mainly procure our telecommunication resources from service providers instead of the three major telecommunications operators in China, primarily because these service providers are able to obtain different discount rates and preferential policies when sourcing from the telecommunications operators. As such, by procuring from other service providers who are able to obtain more favorable prices from telecommunications operators, we are able to obtain better prices than if we were to procure directly from the telecommunications operators themselves. According to F&S, it is common practice in the cloud-based communications services market for service providers to procure telecommunications services from other service providers. As different service providers have different procurement sources, they are able to offer certain services at more competitive prices to other services providers. In 2022, 2023 and 2024, the discount of average purchase costs of messaging services from purchases from service providers, as compared to the average purchase costs from purchases from telecommunications operators, ranged from more than 0.5% to less than 3%. During the same periods, the average purchase costs of voice services from purchases from service providers, as compared to the average purchase costs from purchases from telecommunications operators, were higher. This is because service providers can offer multiple channels to customers like us. This approach promotes the steady supply when one channels is temporarily not available. Whereas telecommunications operators offer only its own channel. Given our diverse customer base and business portfolio, we need to frequently reassess our suppliers' prices and service offerings and select suppliers that offer the best value for price and have the capabilities to meet the varying demands of our customers. As a result, during the Track Record Period, our major suppliers varied often from period to period and certain of them had a relatively short history of business relationship with us. We also experienced significant shifts in the composition of our major customers during the Track Record Period, primarily due to one or more of the following reasons: (i) certain customers experienced shifts in their demands and our service offerings could no longer effectively meet their needs; (ii) certain customers adjusted their pricing expectations, which we could not accommodate while maintaining our profit margin requirements; (iii) as some customers' demand volumes increased, they reached a scale where direct procurement from telecommunications operators became more economical, as telecommunications operators were willing to offer them favorable rates due to their high purchase volumes; and (iv) some customers strategically reduced the scale of certain of their business segments, leading to overall decreases in their demand and purchase volumes and thereby affecting their status as

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our major customers. In addition, similar to how we frequently changed our major suppliers based on periodic reassessment of their prices and service offerings, our customers often changed their own suppliers. As a result of the foregoing, some of our major customers during the Track Record Period had a relatively short history of business relationship with us.

Certain of our major customers and suppliers during the Track Record Period were established relatively shortly before they commenced business with us. We chose to collaborate with these customers and suppliers primarily because (i) their key personnel had many years of industry experience and had already been acquainted with or had business connections with us; or (ii) they proactively contacted us through various means, such as industry collaboration and personal introductions, expressing their desire for collaboration. For example, Supplier K was an enterprise attracted to the Qingdao High-tech Zone through investment promotion by the Qingdao local government, which had begun an amiable collaborative relationship with us in 2020. The Qingdao local government introduced Supplier K to us. As Supplier K was able to offer favorable prices and a comprehensive and stable supply of telecommunication services, we began procuring from them and Supplier K became one of our major suppliers in 2021. Another example is Customer C, which was established in July 2022. We decided to collaborate with Customer C as the latter expressed their desire for collaboration through a former business partner of ours, who introduced key personnel of Customer C to our sales personnel. After determining that Customer C satisfied our prerequisite criteria for customers, we entered into a business relationship with them. We conduct thorough screening of all our suppliers and customers before initiating any business relationships. For suppliers, we ensure their service offerings and pricing terms meet our requirements. Similarly, for customers, we perform background checks to verify their financial stability and ensure that their pricing expectations align with our profit margin objectives.

Customer E is one of the major telecommunications operators in China and major telecommunications operators in China typically conduct their business with separate group entities. It is also one of our suppliers. During the Track Record Period, we procure from 13 of its group entities, while most of our revenue contribution from Customer E during the Track Record Period were generated from sales to three different group entities that did not supply to us during the Track Record Period. We provided messaging service to two subsidiaries of Customer E during the Track Record Period. A substantial portion of messaging service was provided to a subsidiary principally engaged in the provision of comprehensive information application services, including online platforms, thematic channels, hotlines, and messaging services such as ringtone downloads and news subscription. This subsidiary purchased messaging service from us primarily for its aforementioned messaging services.

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The table below sets forth our revenue, cost of sales, and gross profit attributable to Customer E, in absolute amount and as a percentage of the total, for the periods indicated:

		Year ended December 31,				
		2022		2023		2024
		(RMB in thousands except for percentages)				
Revenue	32,568	4.0%	45,530	5.0%	43,092	4.7%
Cost of sales.	30,894	5.0%	43,852	6.1%	40,916	5.7%
Gross profit	1,674	0.9%	1,678	0.9%	2,177	1.1%

Supplier I (Customer G) is a leading cloud computing and AI technology company headquartered in China and a subsidiary of a global technology conglomerate specializing in e-commerce, internet, and technology. During the Track Record Period, we mostly procure from one of its group entities, while our revenue contribution from Supplier I (Customer G) during the Track Record Period were generated from sales to a different group entity.

The table below sets forth our revenue, cost of sales, and gross profit attributable to Supplier I (Customer G), in absolute amount and as a percentage of the total, for the periods indicated:

		Year ended December 31,				
		2022		2023		2024
		(RMB in thousands except for percentages)				
Revenue	90,470	11.2%	79,953	8.7%	30,090	3.3%
Cost of sales.	84,005	13.7%	73,341	10.2%	26,842	3.8%
Gross profit	6,465	3.3%	6,612	3.4%	3,248	1.6%

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The table below sets out certain details of our five largest suppliers for the periods indicated:

2024

Rank	Supplier	Background	Major products/services purchased	Approximate transaction amount (RMB'000)	Percentage of total cost of sales (%)	Year of commencement of business relationship with us	Typical credit term
1 . .	Supplier A	A value-added telecommunication service provider	CPaaS (messaging and virtual goods services)	207,228	29.0%	2021	Prepayment
2 . .	Supplier J	A technology and software development service company	CPaaS (messaging service, virtual goods services and Contact Center SaaS)	67,597	9.5%	2022	No specified credit terms
3 . .	Supplier O	A value-added telecommunication service, technology promotion and application provider	CPaaS (messaging, voice, and virtual goods services)	57,156	8.0%	2024	Before the 15th of each month or within three days after the issuance of invoice
4 . .	Supplier B	A value-added telecommunication service provider	CPaaS (messaging, voice, and virtual goods services)	41,437	5.8%	2021	No specified credit terms
5 . .	Supplier Q	A value-added telecommunication service, software development and information technology services provider	CPaaS (messaging service, virtual goods service)	36,946	5.2%	2023	No specified credit terms

2023

Rank	Supplier	Background	Major products/services purchased	Approximate transaction amount (RMB'000)	Percentage of total cost of sales (%)	Year of commencement of business relationship with us	Typical credit term
1 . .	Supplier A	A value-added telecommunication service provider	CPaaS (messaging and virtual goods services)	150,704	20.9	2021	Prepayment
2 . .	Supplier B	A value-added telecommunication service provider	CPaaS (messaging, voice, and virtual goods services)	66,952	9.3	2021	No specified credit term
3 . .	Supplier F*	A technology and software development service company	CPaaS (messaging and virtual goods services)	55,375	7.7	2019	No specified credit term

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Rank	Supplier	Background	Major products/services purchased	Approximate transaction amount (RMB'000)	Percentage of total cost of sales (%)	Year of commencement of business relationship with us	Typical credit term
4 . .	Supplier G	A value-added telecommunication service provider	CPaaS (messaging, mobile data, and virtual goods services)	51,841	7.2	2020	No specified credit term
5 . .	Supplier H	A software and information technology services provider	CPaaS (voice and virtual goods services)	38,215	5.3	2023	No specified credit term

* The supplier is a group consolidating the transaction amounts of entities within such group.

2022

Rank	Supplier	Background	Major products/services purchased	Approximate transaction amount (RMB'000)	Percentage of total cost of sales (%)	Year of commencement of business relationship with us	Typical credit term
1 . .	Supplier B	A value-added telecommunication service provider	CPaaS (messaging, voice, and virtual goods services)	71,063	11.6	2021	No specified credit term
2 . .	Supplier F*	A technology and software development service company	CPaaS (messaging and virtual goods services)	49,556	8.1	2019	No specified credit term
3 . .	Supplier I*	A cloud computing and AI technology company	CPaaS (messaging, voice, and virtual goods services)	45,535	7.4	2018	Within 10 business days after receiving the bill, or 25 days after receiving the invoice
4 . .	Supplier J	A value-added telecommunication service provider	CPaaS (messaging, voice, and virtual goods services)	40,741	6.6	2022	No specified credit term
5 . .	Supplier E	A software and information technology service provider	Other communication services (contact center outsourcing)	27,136	4.4	2020	Within 15 working days after the issuance of invoice

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* The supplier is a group consolidating the transaction amounts of entities within such group.

- (1) Supplier A is a software and information technology services and value-added telecommunication services provider headquartered in Qingdao, Shandong that specializes in internet information services, computer system services, and information system integration services. As of December 31, 2024, Supplier A had fewer than 50 employees.
- (2) Supplier B is an internet and related services provider headquartered in Harbin, Heilongjiang that specializes in network and computer hardware/software technology development, technical consulting, and information system integration services. As of December 31, 2024, Supplier B had a registered capital of RMB10 million. In 2022, we outsourced to Supplier B the research and development of multiple modules for our virtual goods management system, including modules for marketing management, virtual goods procurement, and user management, among others. This management system was used in our provision of virtual goods services.
- (3) Supplier C is a value-added telecommunications services and software and information technology company headquartered in Luzhou, Sichuan that specializes in basic telecommunications services, value-added telecommunications services, software development, information system integration services, and various technology and internet-related services. As of December 31, 2024, Supplier C had fewer than 50 employees.
- (4) Supplier E is a software and information technology service company headquartered in Xi'an, Shaanxi that specializes in second-type value-added telecommunication services, software development, system integration, and financial technology outsourcing. As of December 31, 2024, Supplier E had fewer than 50 employees.
- (5) Supplier F is a technology and software development service company headquartered in Beijing that specializes in technological development, software development, AI application, IoT solutions, and technology consulting services. As of December 31, 2024, Supplier F had a registered capital of RMB30 million. In 2022, we outsourced to Supplier F the research and development of multiple modules for our RCS messaging system, including modules for number routing, shortened-URL management, and channel monitoring, among others. This RCS messaging system was used in our provision of CPaaS services.
- (6) Supplier G was a value-added telecommunications services and software and information technology services provider headquartered in Jinan, Shandong that specialized in value-added telecommunications services, internet information services, IT consulting, hardware and software sales, and system integration. It had a registered capital of RMB10 million. As of December 31, 2024, Supplier G was deregistered.
- (7) Supplier H is a software and information technology services provider headquartered in Qingdao, Shandong that specializes in software development, digital content production, data processing, internet sales and services, and value-added telecommunications. As of December 31, 2024, Supplier H had a registered capital of RMB10 million.
- (8) Supplier J is a value-added telecommunications service provider headquartered in Qingdao, specializing in value-added telecommunication services, technology promotion, and application services. As of December 31, 2024, Supplier B has fewer than 50 employees.
- (9) Supplier Q is a value-added telecommunications service provider headquartered in Guangzhou, specializing in value-added telecommunication services, software development, and information technology services. As of December 31, 2024, Supplier Q had a registered capital of RMB10 million.
- (10) Supplier I (Customer G) is a leading cloud computing and AI technology company headquartered in Hangzhou, Zhejiang that specializes in cloud computing, software development, value-added telecommunication services, and information technology consulting services. It is the subsidiary of a global technology conglomerate specializing in e-commerce, internet, and technology. As of December 31, 2024, Supplier I (Customer G) had over 3,000 employees.
- (11) Supplier J is a value-added telecommunications services provider headquartered in Guangzhou, Guangdong that specializes in value-added telecommunications services, network technology research and development, information technology consulting, and computer technology development. As of December 31, 2024, Supplier J had a registered capital of RMB10 million.

- (12) Supplier K is a value-added telecommunications services provider headquartered in Qingdao, Shandong that specializes in internet information services, network technology research and development, information technology consulting, and various IT-related products and services. As of December 31, 2024, Supplier K had fewer than 50 employees.
- (13) Supplier L is a value-added communications services provider headquartered in Jiujiang, Jiangxi that specializes in value-added telecommunications services, software development, information technology services, network security, and various IT-related consulting and technical services. As of December 31, 2024, Supplier L had fewer than 50 employees.
- (14) Supplier M is a value-added communications services provider headquartered in Shenyang, Liaoning that specializes in value-added telecommunications services, software development, information technology services, network technology, IoT, and various IT-related consulting and technical services. As of December 31, 2024, Supplier M had fewer than 50 employees. We outsourced to Supplier M the research and development of (i) multiple modules for our IoT management platform system, including modules for IoT inventory and sales management, among others; and (ii) multiple modules for our third-party card vendor integration system, including modules for IoT SIM card number management, IoT data traffic management, and financial management, among others. Both systems were used in our provision of IoT mobile data pool and management services.
- (15) Supplier N is an internet-related services provider headquartered in Hainan that specializes in internet gaming services, advertising services, software and information technology services, business information consulting, and value-added telecommunications services. As of December 31, 2024, Supplier N had a registered capital of RMB10 million.
- (16) Supplier O is a value-added communications service provider headquartered in Changsha, Hunan that specializes in value-added telecommunications services, internet information services, and call center services. As of December 31, 2024, Supplier O had a registered capital of RMB10 million.

General Terms of Contracts with Major Suppliers

For our CPaaS services, we generally enter into contracts with our suppliers that have a term of one year, which automatically renews unless either party notifies the other party in advance of their intention not to renew. For message and voice services, our suppliers generally specify a price range in the contracts, and they may adjust the price they charge us based on fluctuations in the market price or changes in the policies of the telecommunications operators or other service providers they work with. For mobile data services, the price is generally the market price. In cases where our suppliers need to make a pricing adjustment, they shall inform us in writing in advance, and we may agree to the pricing adjustment either through written confirmation or continued use of their services.

For settlement of fees, our contracts with our CPaaS suppliers generally include both a prepayment and a post-payment option. For settlement by prepayment, suppliers deduct fees from our prepayment based on our actual usage at the end of the term specified in the contract. The supplier first sends us the bill, which outlines the fees based on their record of our usage. We then confirm the bill within the time period specified in the contract. Failure to respond within the period would be deemed as no objection. If we object to the bill, we can provide relevant proof to dispute the fees, and the supplier shall work with us to reconcile the records of usage. If the discrepancy between the amount payable outlined on our supplier's bill and the amount based on our record of usage is within a prescribed percentage, the supplier's bill shall prevail by default. Once we agree upon the payable amount, the supplier issues an invoice, and

we make payment. For settlement by post-payment, we generally settle fees with our suppliers on a monthly basis, following a similar process of billing, reconciliation (if the amount payable is disputed), invoice issuance, and payment.

For our Contact Center SaaS, we generally enter into contracts with our suppliers for a term of one year, which includes an option for us to renew. The contract terms generally stipulate that our supplier shall deliver the services to us after confirmation of our initial prepayment to the supplier. Our supplier is obliged to train our employees on how to operate the software and provide ongoing after-sales service and technical support until our employees are fully proficient. We must comply with the relevant laws and regulations when using our supplier's platform, and supervise and promptly stop our customers from engaging in activities prohibited by PRC laws and regulations. If our customers engage in such activities, we shall bear joint legal liability and compensate the supplier for any direct losses caused as a result. Our fees payable to our Contact Center SaaS suppliers generally consists of a call fee charged by minute based on call duration for voice services. In certain cases, the supplier may also charge a fixed amount of complaint fee per incident reported by telecommunications operators of improper activities during our use of the supplier's services. During the Track Record Period, we did not incur any material complaint fee.

For our outsourced development work, such as the development of a software system to be used in our project-based communications solutions, our contracts with our suppliers generally outline our specific requirements, such as description of system objectives and our required functionalities, technical approaches, development process, and programming languages. Our fee settlement is typically based on payment milestones stipulated in the contract. The contracts generally specify that after the development is completed, we have ownership over the work developed and the right to apply for patents and software copyrights for such work. The suppliers' subsequent obligations generally include providing technical support and training for our employees.

Our Prepayments Management

Our prepayments are primarily made to suppliers which provide telecommunications resources and technology services. A substantial portion of the prepayments were for the procurement of telecommunications resources. As of December 31, 2022, 2023 and 2024, prepayments for telecommunications resources accounted for 96.2%, 97.5%, and 94.8% of total prepayments, respectively.

Our prepayment substantially aligns with the contracts terms with suppliers. According to F&S, our levels of prepayments are not uncommon in China's cloud-based communications services market. Consumption of telecommunications resources and technology services in the second half of the year is ordinarily higher than in the first half of the financial year. During the Track Record Period, all prepayments made to suppliers for telecommunications resources were utilized and consumed pursuant to the contracts with relevant suppliers.

The Company only recognizes provisions for prepayments when it is unlikely that the supplier will fulfill the services contracted. Unlike trade receivables, the Company does not establish provisions arising out of expected credit losses. During the Track Record Period, none

of the Group's prepayments were refunded due to supplier breaches of contract or liquidity issues. On average, prepayments for telecommunications resources are generally expected to be consumed within three to four months.

Generally, we need to maintain a certain level of telecommunication resources to meet our expected consumption for our customers in the forthcoming period which is determined taking into account a number of factors. Below sets forth those factors:

- (i). **Quarterly Cycle:** We typically assess consumption and ascertain the advance procurement of resources on a quarterly basis because the procurement cycle and consumption cycle are not overlapped, and we need to secure the supply of telecommunications resources on quarterly basis in advance to meet the future request of customers. Such differentiation of the procurement and consumption circles was due to the time needed for discussion with suppliers, discussion on the terms of cooperations with customers, and their respective internal approvals.
- (ii). **Historical Data:** Based on past quarterly cost consumption during the corresponding preceding quarter period, we assess the initial prepayment amount for forthcoming corresponding quarters to assess the consumption level.
- (iii). **Maintaining Costs Above Average Prepayment Amounts:** We estimate the consumptions with reference to the Average Monthly Ended Prepayments Amount, with the aim to maximize the utilization of advanced procurement.
- (iv). **Forecast Adjustment:** We make forward-looking estimates for the upcoming quarter's usage based on trends in resource prices and scarcity, market fluctuations, changes in customer demand, sales strategies, regulatory policies, economic conditions, and communications with customers. When the actual consumption in a quarter derivate and exceed our previous assessment, we will take into account of the remaining resources that has yet to be consumed and factor in and corresponding downward adjust the amount of prepayments in the following quarter.

We believe that our credit risk associated with prepayments is low due to the following reasons:

- All of our prepayments for telecommunications resource procurement are refundable pursuant to the contracts with suppliers, accounting for 96.2%, 97.5%, and 94.8% of total prepayments as of December 31, 2022, 2023, and 2024, respectively.
- During the Track Record Period, we have not experienced material default or major event that lead to substantial loss of our prepayments.

Our Historical Business Focus and Optimization of Segment Composition

We believe that building our solid and stable customer base and the reputation of our brand are the foundation to our long-term success. Historically, we have devoted more resources to render our mobile data services, messaging services and virtual goods services,

which generally attract diversified customer base which formulate our solid revenue foundation but required a significant amount of prepayments and relatively lower profit margin. The historical devotion on reserving procurement and marketing resources promoted and expanded our business scale and increased our revenue gradually in the past years. As our business and revenue are expanded and excelled with the adoption of resources consumption driven strategy, during the Track Record Period, we proceed to optimize our business segment composition to offer value added service driven strategy based on the existing business segmental foundation to enhance our profitability which allow us to provide service and generate revenue with a comparative lower level of advance resources procurement. Our Contact Center SaaS, project-based communications solutions and IoT mobile data pool and management are more profitable than our other services as they can generate more gross profit with the same level of advance procurement telecommunications resources for which we prepay and then use.

During the Track Record Period, the revenue from our three business segments continued to grow. We have and will continue to allocating more resources to develop and expand our Contact Center SaaS, project-based communications solutions and IoT mobile data pool and management, in the meantime we still maintain the level of our consumption from customers for our voices and messaging services to solidify stable customer base, and scaling down our mobile data and virtual goods services which are considered to yield a lower margin and required more advance resources procedure to optimize our existing segment composition. By adjusting our product and service mix in the long run, we can reduce the required level of prepayments, be more profitable with similar and positively affect our operating cash flow.

We also took measures to reduce our prepayments in a relatively short term. For example, we have terminated our cooperation with certain mobile data service customers since 2021. In addition, we have and will continue to maintain the consistently use the same suppliers for telecommunications resources and technical services to leverage our long term business relationship to procure our resources on a more tailored and discretionary basis. Nevertheless, by virtue of entire industry chain is facing pressure from the macroeconomic downturn, resulting in overall high collection pressures. High-quality telecom resource suppliers hold a relatively strong position in the chain, as their supply directly comes from operators, and pricing power primarily lies with the operators. Consequently, service providers for resources' elasticity of credit terms is increasing and are increasingly concerned about the timeliness of payments from downstream partners and requested further prepayment. Our prepayments, therefore, increased from approximately RMB452.1 million as of December 31, 2023 to approximately RMB512.5 million as of December 31, 2024. Having said that, we believe our implemented measures effectively mitigate the extent of increment for prepayments as per the industry norm.

OUR CUSTOMERS

Our Major Customers

Our major customers during the Track Record Period mainly comprised technology service providers, software and information technology companies, and telecommunications operator. This is because our CPaaS service may be provided to downstream customers (i.e. our customer's customer) with value added services provided by our direct customers. Similar to our efforts to leverage on voice call telecommunication resources capabilities to provide smart voice navigation services, direct customer may leverage on the telecommunication resources capabilities they purchased from us to provide service offerings with more value added. However, we are generally unable to ascertain the specific value added services provided by our direct customer provided to downstream customers. Such information cannot be seen in our CPaaS platform. There may be one more service provider between us and the final downstream customers. We are also unable to ascertain the number and identity of downstream customers which are not privy to us. The unit price we charged for cloud-based communications service is adjusted from time to time based on our communications with and service we ordered to our customers, the determination of the unit price is primarily driven by the historical and expected usage volume we previously engaged with the said direct customers which we engaged communication with. The primary factors considered in determining the unit price for each customer include the purchase costs incurred from our suppliers and the customer's expected and historical usage. Generally, we offer more competitive pricing to customers with higher usage volumes compared to those with lower usage. As we determine our unit price based on the expected and historical usage of our customers, whether the direct customer is a service provider or not does not impact our unit price determination. Given the consumption of downstream consumers would not have bearing on our price determination process, the identities and backgrounds of the direct customers does not affect the price determination process for the unit pricing provided to our direct customers. According to F&S, the pricing methodology we adopted, specifically the price determination process based on usage and volume, is a clear driver and a common practice for determining the price. During the Track Record Period, our unit prices for each cloud-based communications service were within a reasonable range compared to those of our competitors which charged based on usage volumes. All our major customers during the Track Record Period and up to the Latest Practicable Date were Independent Third Parties based in China. Our sales to our major customers primarily comprised our CPaaS and Contact Center SaaS services as well as project-based communications solutions. Similar to our major suppliers, our major customers primarily consisted of private companies whose ultimate beneficial owners, founders, or key personnel were individuals who had long standing business relationships with us, with the exception of Customer E, which was one of the three major telecommunication operators in China and an SOE. We became acquainted with our major customers primarily through: (i) existing business partners who expressed a desire to continue our business relationship; (ii) business relationships established by our employees who had previously collaborated with key personnel of certain major customers; (iii) referrals by common acquaintances and business partners; (iv) industry networking events and communication groups; (v) existing supplier relationships that evolved into customer relationships; and (vi) direct commercial negotiations. The revenue generated from our five largest customers during each year of the Track Record Period accounted for 41.8%, 36.7%, and 35.3% of our total revenue, respectively.

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The table below sets out certain details of our five largest customers for the periods indicated:

2024

Rank	Customer	Background	Services and/or solutions provided by us	Approximate transaction amount (RMB'000)	Percentage of total revenue (%)	Year of commencement of business relationship with us	Typical credit term
1 . .	Customer M	A finance technology company	CPaaS (messaging, voice, mobile data, and virtual goods services) and Contact Center SaaS	104,532	11.4%	2019	Within 15 days after billing or within three days after the issuance of the invoice
2 . .	Customer A*	A technology promotion and application service provider	CPaaS (messaging and virtual goods services) and Contact Center SaaS	99,290	10.8%	2020	Within 15 days
3 . .	Customer E*	A telecommunications operator and comprehensive information service provider	CPaaS (messaging services), other communications services and accessories (contact center outsourcing, video conferencing solutions and others)	43,092	4.7%	2010	Within 30 days after the issuance of the invoice Within five or 20 days since receipt of invoice, payment record and usage record (messaging service) No specified credit term (contact center outsourcing) Within 30 days after the issuance of the invoice (video conferencing solutions)
4 . .	Customer C	A software and information technology service provider	CPaaS (messaging services)	41,777	4.6%	2023	Within 15 days after billing or within three days after the issuance of the invoice
5 . .	Customer P	A SaaS platform software development and comprehensive operational services provider	CPaaS (voice service, virtual goods services, Contact Center SaaS)	34,618	3.8%	2023	Within 15 days after billing or within three days after the issuance of the invoice

* The customer is a group consolidating the transaction amounts of entities within such group.

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2023

Rank	Customer	Background	Services and/or solutions provided by us	Approximate transaction amount (RMB'000)	Percentage of total revenue (%)	Year of commencement of business relationship with us	Typical credit term
1. . .	Customer F	A value-added telecommunication service provider	CPaaS (messaging and virtual goods services)	88,678	9.7	2022	Within 15 days after billing or within three days after the issuance of the invoice
2. . .	Customer G*	A cloud computing and AI technology company	CPaaS (messaging services)	79,953	8.7	2021	No specified credit term
3. . .	Customer C	A software and information technology service provider	CPaaS (messaging services)	69,922	7.6	2023	Within 15 days after billing or within three days after the issuance of the invoice
4. . .	Customer H	A software and information technology service provider	CPaaS (voice and virtual goods services)	52,056	5.7	2022	Within 15 days after billing or within three days after the issuance of the invoice
5. . .	Customer E*	A telecommunications operator and comprehensive information service provider	CPaaS (messaging services), other communications services and accessories (contact center outsourcing and video conferencing solutions)	45,530	5.0	2010	<p>Within 30 days after the issuance of the invoice</p> <p>Within five or 20 days since receipt of invoice, payment record and usage record (messaging service)</p> <p>No specified credit term (contact center outsourcing)</p> <p>Within 30 days after the issuance of the invoice (video conferencing solutions)</p>

* The customer is a group consolidating the transaction amounts of entities within such group.

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2022

Rank	Customer	Background	Services and/or solutions provided by us	Approximate transaction amount (RMB'000)	Percentage of total revenue (%)	Year of commencement of business relationship with us	Typical credit term
1. . .	Customer I	A technical consulting service provider	CPaaS (messaging, voice, mobile data, and virtual goods services)	99,945	12.3	2020	Within 15 days after billing or within three days after the issuance of the invoice
2. . .	Customer G*	A cloud computing and AI technology company	CPaaS (messaging services)	90,470	11.2	2021	No specified credit term
3. . .	Customer J	A value-added telecommunication services and software development consulting service provider	CPaaS (messaging, mobile data, and virtual goods services)	53,619	6.6	2021	Within 15 days after billing or within three days after the issuance of the invoice
4. . .	Customer K	A software and information technology service provider	CPaaS (messaging, voice, mobile data, and virtual goods services)	50,645	6.3	2020	Within 15 days after billing or within three days after the issuance of the invoice
5. . .	Customer A*	A technology promotion and application service provider	CPaaS (messaging, voice, mobile data, and virtual goods services) and Contact Center SaaS	43,656	5.4	2020	Within 15 days after billing or within three days after the issuance of the invoice

* The customer is a group consolidating the transaction amounts of entities within such group.

- (1) Customer A is a technology services company headquartered in Putian, Fujian that specializes in technology promotion and application services, network and information security software development, network technical services, personal business services, information consulting services, new material technology promotion services, and various other technology-related services. As of December 31, 2024, Customer A had fewer than 50 employees.
- (2) Customer B is a technology services company headquartered in Putian, Fujian that specializes in system integration, internet sales, information consulting, IoT services, software development, hardware sales, telecommunications, and various internet-related services. As of December 31, 2024, Customer B had fewer than 50 employees in 2023.
- (3) Customer C is a technology services company headquartered in Guiyang, Guizhou that specializes in IoT technology services, information technology consulting, information system integration, computer system services, data technology services, software development, intelligent control system integration, and various other technology-related services including artificial intelligence and big data. As of December 31, 2024, Customer C had a registered capital of RMB50 million.

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- (4) Customer D is a technology services company headquartered in Guangzhou, Guangdong that specializes in information technology consulting services, information system integration, computer system services, software development, and digital technology services. As of December 31, 2024, Customer D had a registered capital of RMB10 million.
- (5) Customer E is a mega telecommunications operator offering fixed-line and mobile telecommunications services, internet access, and other value-added telecom services primarily in China. Customer E had over 278,500 employees in 2023.
- (6) Customer F is a technology services company headquartered in Chengdu, Sichuan that specializes in software development, electronic product sales, value-added telecommunications services, and internet information services. As of December 31, 2024, Customer F had a registered capital of RMB1 million.
- (7) Customer G is Supplier I. For details, See “— Our Suppliers — Our Major Suppliers”.
- (8) Customer H is a technology services company headquartered in Chengdu, Sichuan that specializes in software development, information technology services, and value-added telecommunications services. As of December 31, 2024, Customer H had fewer than 50 employees.
- (9) Customer I is an information technology company headquartered in Harbin, Heilongjiang that specializes in network and computer hardware/software development, technical consulting, and information system integration services. As of December 31, 2024, Customer I had fewer than 50 employees.
- (10) Customer J is a technical consulting service company headquartered in Wuhan, Hubei that specializes in basic telecommunications services, value-added telecommunications services, live streaming technology, software development, IT consulting, technical services, computer system services, information system integration, and sales of computer hardware and software. As of December 31, 2024, Customer J had fewer than 50 employees.
- (11) Customer K is software and information technology company headquartered in Jinan, Shandong that specializes in value-added telecommunications services, internet information services, IT consulting services, computer hardware and software sales, and electronic product sales. As of December 31, 2024, Customer K had fewer than 50 employees.
- (12) Customer L was an information technology company headquartered in Qingdao, Shandong that provided computer software and hardware technology development, technical services, telecommunications services, wholesale and retail of computer hardware and software, communication equipment, electronic products, as well as conference services, advertising services, and security engineering. It was founded in 2011 with a registered capital of RMB10 million. Customer L was deregistered in 2022.
- (13) Customer M is a finance technology company headquartered in Wuhan, Hubei that provides value-added telecommunications services, network technology services, information technology consulting, information system integration, software development and sales, conference and exhibition services, advertising services, electronic product sales, computer hardware and software retail, big data services, AI public service platform technical consulting, and business agency services. As of December 31, 2024, Customer M had fewer than 50 employees.
- (14) Customer N is a finance, technology, and e-commerce company headquartered in Shenzhen, Guangdong that provides a wide range of services including financial outsourcing, communication technology development, software development for computers and mobile phones, insurance agency services, call center operations, and internet payment services. As of December 31, 2024, Customer N had a registered capital of RMB60 million.
- (15) Customer O is a communication equipment and information technology development company headquartered in Qingdao, Shandong that provides a wide range of technology services including communication equipment research and development and sales, computer technology development, electronic product development, network product development, software development, information system security services, and big data infrastructure construction. As of December 31, 2024, Customer O had fewer than 50 employees. We terminated our collaboration with Customer O in 2024 after the latter reduced its registered capital from RMB10 million to RMB10,000.
- (16) Customer P is a customized industry SaaS platform software development and comprehensive operational services company headquartered in Zhejiang. As of December 31, 2024, Customer P had a registered capital of RMB100 million.

General Terms of Contracts with Major Customers

For our CPaaS services, we generally enter into contracts with a term of one year that automatically renews unless either party notifies the other party in advance of their intention not to renew. For our message and voice services, we generally specify a price range in our contracts, and we may adjust the price we charge our customers based on fluctuations in the market price or changes in the policies of the telecommunications operators or other service providers we work with. For our mobile data services, the price is generally market price. In cases where we need to make a pricing adjustment, we shall inform our customer in writing in advance, and the customer may agree to the pricing adjustment either through written confirmation or continued use of our services.

We generally offer both a prepayment and a post-payment option to our CPaaS customers. For the prepayment option, the customer shall make a prepayment on our CPaaS platform, and we shall deduct fees from the prepaid amount in real-time according to the customer's actual usage. If the prepayment balance becomes insufficient for continued usage of our services, the customer must promptly make further prepayment, and bear all risks and responsibilities arising from an insufficient balance. For the post-payment option, we generate bills at the end of each billing cycle specified in the contract, and our customers must confirm within the time period specified in the contract. Unconfirmed bills are deemed accepted by default. For disputed bills, we shall manually reconcile the discrepancy between the amount on our record and that stated on the customer's record and negotiate with the customer to reach settlement. For discrepancies under a percentage specified in the contract, the amount stated on our bill prevails. Once there is no dispute regarding the amount payable by the customer, we require our customers to pay within a specified time period after receiving our invoice.

For our Contact Center SaaS customers, our contract are generally for a term of one year with option to renew. The fees we charge generally consist of a number rental fee, a seat fee, and a call fee. The number rental fee is generally a monthly fee we charge per mobile number or landline number rented by our customer. The seat fee is a monthly fee charged by the number of call bots used, or the number per call agents supervised for smart service quality check and smart service assistance. The call fee is calculated based on the price per minute and call duration. We generally offer both a prepayment and a post-payment option to Contact Center SaaS customers.

The settlement process for our post-paid customers consists of three stages: (i) we provide our customers with a record of their usage in the previous month and the amount to be charged (which we recognize as revenue). The customers would internally check their consumption record with our provided record based on their system. If the customers considered there are material discrepancies, we will discuss with them to reconcile the differences based on our de facto consumption record. We typically reflect the reconciliation results in the following period. During the Track Record Period, we have not record material discrepancies which are considered to be disputable and could not be reconciled with the customers. We would only in the very unlikely event subsequent to the discussion with the customers that require significant reconciliation of the consumption record in the financial statements of a previous year.

Otherwise, we will reflect such reconciliation in the following period of the forthcoming financial year. The Directors considered the reconciliation effect being brought down from the previous financial year end is immaterial and would not have material impact in the annual revenue for the corresponding financial year end as adjustment of consumption record resulted from such reconciliation in practice is *de minimis*. In 2022, 2023 and 2024, our adjustment derived from the reconciliation from our customer records relevant to the current financial year's cloud-based communications services between us and customers, after netting off all reconciliations obtained from all cloud-based communications customers, if any, constituted no more than RMB20⁽¹⁾. The amount of revenue recognized but pending customer acceptance of cloud-based communications services as of December 31, 2022, 2023 and 2024 were RMB11.3 million, RMB18.3 million and RMB3.1 million, respectively. The average days of period from revenue recognition to customer confirming our records of our cloud-based communications services customers in 2022, 2023, and 2024 and their respective revenue contribution exceeding RMB5.0 million in ("**Important Customer Group**"), were 8.4 days, 7.5 days and 8.0 days; (ii) when there is no obvious discrepancy regarding the amount to be charged, the customers undergo their internal protocols to initiate the payment process. Once the customers inform us that their internal protocols have been satisfied, they request that we issue an invoice. In practice, certain long term and recurring customers may make payment based on their consumption record prior to the issuance of invoices as historically no reconciliations are required for the consumption record and they have completed their internal procedure and payment process. Customers may request us to issue instalment invoices for their monthly bill to facilitate the walkthrough internal settlement procedures and so that they could settle part of the payments quickly, as opposed to settlement at one go at a later time. In the second stage, the average number of days between the customer confirming our records and the issuance of final invoices of Important Customer Group customers in 2022, 2023 and 2024, were 78.3 days, 81.5 days and 108.3 days, respectively; and (iii) in the third stage, the customers settle

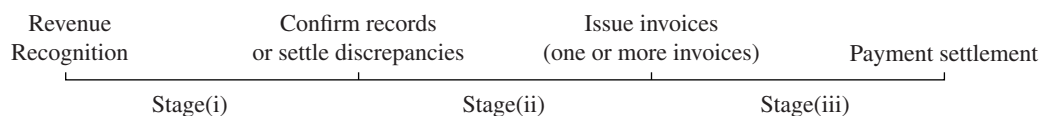
Note:

- (1) The figure presented herein are for reference only and have not been audited or reviewed by our Reporting Accountant. While we have exercised reasonable judgment in determining the figure, please note that the figure is provided with the following assumptions:
- (a) The Company's consumption record is derived from the IT system developed by the Company, which automatically records all usage information for cloud-based communication services. This underlying data ties to the records from telecommunications operators, and discrepancies, under normal circumstances, would be minimal. Discrepancies are likely to arise due to transmission errors, where we record usage that does not appear on the customer's end.
 - (b) As detailed below, the time frame from revenue recognition to customer confirmation of our records for cloud-based communication services ranges from 3 to 39 days during the Track Record Period. The average time from revenue recognition to customer confirmation from our Important Customer Group of cloud-based communication services during this period ranges from 7.5 to 8.5 days. We assume that the revenue derived from cloud-based communication services between January and November would have been reconciled based on the customers' records when our finance staff prepared the current year's accounts. However, for the revenue relevant to December, reconciliation may not be completed in time before the preparation of the financial year-end data, and we treated all reconciliations occurring in December as prior-year adjustments. As shown in the figures, the reconciliation is minimal.

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the payment. The average number of days between the issuance of the first invoice and settlement of the payments of our Important Customer Group in 2022, 2023 and 2024, were 42.6 days, 129.1 days and 56.0 days, respectively.

Below sets forth a flow chart on how our cloud-based communication customers settled their payments:



Below sets forth the ranges of period of the three stages from revenue recognition to payment settlement of our cloud-based communications services Important Customer Group customers in 2022, 2023 and 2024:

	The year ended December 31, 2022		The year ended December 31, 2023		The year ended December 31, 2024	
	Min	Max	Min	Max	Min	Max
The range of days from revenue recognition to customer confirming our records of our cloud-based communications services customers .	3	9	3	22	0	40
The range of days between the customer confirming our records and the issuance of final invoices	0	654	1	624	3	410
The range of days between the issuance of the first invoice and settlement of the payments	0	456	0	791	1	390

The maximum and minimum days of the three stages vary significantly from the averages days of the three stages, primarily because (1) customers were late in certain months to complete checking of records, fulfilment of their internal procedures and settlement of their payments therefore, this resulted in large maximum number of days, despite the fact that such occurrence were incidental; and (2) days of the three stages for certain months are not able to be calculated because (a) for stage one, certain customer did not explicitly confirm our usage records; (b) in stage two, certain customer did not ask us to issue VAT invoice before their payments; (c) in stage three, certain customers did not settle their payments; (d) for stage three, certain minimal amount of revenue by customers was not settled in a long period, leading to a large number of days in stage three. The inability to calculate certain days in different stages also contributes to the difference between the total days of the average days of the three stages and the trade receivable turnover days.

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In practice there are reasons for the differences in accounts receivable turnover days and the average time required for the Important Customer Group to settle their amount. The average time of the three stages were meant to serve a different purpose than the trade receivables turnover days for the reasons stated below:

- (i) The scope of analysis of the three stages can only include transactions that completed the respective stages, namely (1) customer confirming our records, (2) issuance of invoices, and (3) settlement of payments, by the nature of the analysis;
- (ii) the trade receivables turnover days were simply calculated as the average of the opening and closing trade receivables balances, and divided by the revenue for the relevant year;
- (iii) Certain transactions included under trade receivables turnover days may not be covered under the analysis of the three stages. For instance, these may include late-coming transactions before the year-end where the three stages cycle had not been completed;
- (iv) On the other hand, those transactions covered under three stages may have completed the whole cycle of settlement, and therefore may not remain as trade receivables anymore under the calculation of the trade receivables turnover days; and
- (v) Meanwhile, the analysis of three stages were meant to provide additional insights as to the number of days the Company would generally require during the process from revenue recognition to settlement of payments, whereas the trade receivables turnover days were meant to provide a snapshot of the trade receivables status based on simple calculation.

Our cloud-based communications services customers are primarily corporate organizations. For cloud-based communications services, a large portion of revenue generated from cloud-based communications customers would pre-consume their subscribed cloud-based communications services and subsequently settle their consumed service. We are entitled to issue invoice to certain major and strategic customers of cloud-based communications services on a monthly basis and request them to settle payment with us in accordance with our contracts with them. In practice, our CPaaS service offerings are not unique, especially the portion to sell telecommunications resources. Thus, we lack strong bargaining power with some of our customers. This leads to our strategies to provide flexible payment and invoice issuance strategies to attract and retain customers. In practice, we would consider offering longer credit period upon communication with some customers, in light of their historical performance, usage and payment history, to attract and retain them. Furthermore, the slowdown of the macroeconomy also negatively affected our liquidity. Some of our customers reflected that their slow settlement process with us was partly due to their customers' prolonged settlement. These two were the major reasons which led to our long trade receivables turnover days during the Track Record Period. Our Directors are also aware of the liquidity risks due to the current

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flexible payment and invoice issuance strategies; and we seek to optimize the business segment composition to improve the current status. See “— Our Historical Business Focus and Optimization of Segment Composition” and “Risk Factors — Risks Relating to Our Financial Performance — We have experienced, and in the future may continue to experience, net operating cash outflows and an increase in trade receivables turnover days and prepayments, other receivables and other assets, which could expose us to liquidity risks.”

Certain insignificant portion of cloud-based communication services customers would pre-pay their subscribed cloud-based communications services and subsequently consume their subscribed services. The settlement process for our pre-paid customers consists of three stages: (i) we provide our customers with a record of their usage in the previous month and the amount to be charged (which we recognize as revenue); (ii) they would internally check their consumption record with our provided record based on their system. If the customers considered there are material discrepancies, we will discuss with them to reconcile the differences based on agreed consumption record and, if appropriate, reflect the reconciliation results in the following period; and (iii) when there is no obvious discrepancy regarding the amount to be charged, we deduct fees from their prepayments.

For our project-based communications solutions, the contracts typically provide that customers pay us in four payments after the project reaches specific milestones. For details, see “— Our Services and Solutions — Project-Based Communications Solutions — Revenue Model”. We generally grant a credit period of 30 to 90 days from milestone billing or project delivery to our customers.

The settlement process for our post-paid project-based communications solutions customers consists of two stages: (i) the customers confirm with us their understanding of the contents of the contract, the relevant milestones, and a payment plan. Once these milestones have been realized, we issue our invoice; and (ii) we collect amounts outstanding in connection with the various projects. Our project-based communications solutions have a fixed price for each project. Customers may require us to issue invoices before the delivery of acceptance of solutions, so that they could initiate the payment process early. Customers may also request us to make more than invoices for their monthly bill so that they could settle part of the payments quickly, as opposed to settlement at one go at a later time. Among our post-paid project-based communications solutions’ customers for each of the years ended in 2022, 2023 and 2024, the average number of days between our recognition of revenue to our issuance of the final invoices were 78 days, 113.6 days and 51.6 days. The average number of days between the date which we issue first invoices to settlement of payments under all invoices issued in 2022, 2023 and 2024 were 154.9 days, 139.0 days and 88.1 days, respectively.

During the Track Record Period, there are mismatch in accounts receivable turnover days and the total average time required for the Important Customer Group’s three stages above. It is because the average time of the three stages were meant to serve a different purpose than the trade receivables turnover days. The elements to consider during the calculation of three stages and accounts receivable turnover days are different.

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- (i) the scope of analysis of the three stages can only include transactions that completed the respective stages, namely (1) customer which have confirmed our records, (2) customer which have issued of invoices, and (3) customer which have settled payments in full. The averages days of each stage were calculated by averaging the days of each Important Customer Group member in that month, weighted by the amount of trade receivables of that Important Customer Group member as of the period end.
- (ii) whereas trade receivables turnover days were calculated as the average of the opening and closing trade receivables balance as well as the revenue for the relevant period. It does not consider any of the end point mentioned in (i).

As a result, if any of the end point mentioned in (i), such period of that customer in that month will not be accounted for the calculation of the average days of the three stages. For instance, suppose there are ten each Important Customer Group members in 2023, five of them did not settle payments in full as of the date which we made the calculation. These five Important Customer Group members' first period cannot be included for the calculation of the average days of the third stage in 2023.

Below sets forth the ranges of the three stages from revenue recognition to payment settlement of our project-based communications solutions in 2022, 2023 and 2024 were as follows:

	The year ended December 31, 2022		The year ended December 31, 2023		The year ended December 31, 2024	
	Min	Max	Min	Max	Min	Max
The range of days between our recognition of revenue to our issuance of the final invoices	2	347	2	982	1	445
The range of days between the date which we issue first invoices to settlement of payments under all invoices issued.	1	614	0	885	1	412

The maximum days of the two stages of our project-based communications solution are long, primarily because (1) the final invoices were issued after the warranty period has expired, which usually are more than one year after the revenue recognition; (2) the acceptance and delivery of projects should take into account not only their own progress but also the progress of other related projects. For instance, when a customer engages us to deliver a project-based communications solution that is part of a larger overarching project, their acceptance of our work may depend on the progress of other components within the larger project; (3) some customers may change the specification of the solution, which incurred additional works and time; and (4) our project-based communications solution customers were primarily local

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government and large entities, who had rigid internal approval process. After the COVID-19, due to slowdown of the macroeconomy, these customers also encountered financial difficulties, which attribute to slow settlement process.

Days of the two stages for certain months are not able to be calculated because (a) for stage one, certain customer did not explicitly request us to issue VAT invoice; and (b) the in stage two, certain customers did not settle their payments. The inability to calculate certain days also contribute to the difference between the total days of the average days of the three stages and the trade receivable turnover days.

Our project-based communications solutions is a relative new business. We believe that they have the potential to be significant growth drivers for us in the future. Also see “Future Plans and Use of Proceeds — Use of Proceeds”. To expand this business segment, we provide extended credit periods in practice to enhance the competitiveness of our service offerings.

Our trade receivables tend to be higher when there are a larger number of post-paid customers who pay only after services are rendered, as their payment obligations are recorded as trade receivables. We have implemented internal policies to follow up closely with customers on our trade receivables: (1) we remind customers to settle payment to us once the credit period as stated on their contract is expired; (2) where customers request for extension on the credit period, we generally allow (i) no more than a three-month period from the issuance of invoice for customers with an annual transaction amount with us of less than RMB1 million; and (ii) no more than a six-month period from the issuance of invoice for customers with an annual transaction amount with us of over RMB1 million.

We adopt different strategies for negotiating credit terms in service contracts related to our project-based communications solutions. We entered into service contracts for all our project-based communications solutions. The contracts typically provide the amount to be paid by customers and the payment schedule, which can be in lump sum or by instalments after reaching certain milestones. We generally grant a credit period of up to 90 days from milestone billing or project delivery. Payment milestones and payment schedule are set out in our contracts with customers which are signed by them. Once these milestones have been reached, we issue our invoice for the relevant instalment. Customers are required to settle payment of the invoiced amount within the credit period granted to them pursuant to their contracts. For retention money, we are only entitled to collect it after the end of the warranty and maintenance period for each project. Most of our project-based communications solutions customers are post-paid customers. To maintain our relationships with them, we issue invoices after the customers have fulfilled their internal protocols to make payments, which led to a substantial amount of trade receivables being recorded during the Track Record Period. As of December 31, 2022, 2023 and 2024, our trade receivables for project-based communications solutions were RMB12.6 million, RMB7.6 million and RMB5.4 million, respectively. See “Financial Information — Current Assets and Liabilities — Trade Receivables”.

MARKETING AND SALES

We have invested in establishing a comprehensive online presence and developing various online branding and customer acquisition channels, such as search engine marketing, customized newsfeed advertisements, and advertorials. We believe our online branding and customer acquisition efforts have contributed to our brand awareness and reputation and have generated a steady stream of customer traffic to our websites, through which our prospective customers, especially small- to medium-sized enterprises seeking relatively standardized products, can learn about our services and solutions offerings and make informed purchases based on their specific needs all on a self-service basis.

We have also organized or participated in various industry events for brand building and customer acquisition purposes. In 2021, we organized the first council meeting of the Suzhou E-commerce Association and participated in the fourth executive committee of the Value-added Services Professional Committee of the China Communication Enterprises Association and the “2021 Fourth China Information Technology Director Conference”. In 2023, we hosted the annual work symposium of the Call Center Branch of the Beijing Communication Enterprises Association and organized the 5G New Call Development Forum and took part in the joint initiation ceremony for the new call industry development cooperation initiative. Furthermore, we hosted the fifth China (Ma’anshan) Internet Conference Metaverse Sub-forum. In 2023, we participated in the Third China Safety and Emergency Technology Equipment Expo held in Xuzhou, Jiangsu, where our production safety solutions were highlighted in the speech given by the deputy mayor of Xuzhou City. We believe our online and offline branding and customer acquisition efforts have contributed to our brand awareness and reputation and effectively fueled our business growth.

We organize our sales and marketing personnel by geographical regions in China. As of December 31, 2024, our sales team included 65 sales professionals, including 33 in Beijing, three in Suzhou, Jiangsu, five in Shanghai, and the remainder located in other cities across China. Our sales professionals are strategically located to be close to our customers.

Being an early mover in the market, we have accumulated a vast client network and started building our business reputation from early on. Each of our business segments has its own sales team. These sales teams also collaborate seamlessly to refer customers to each other. We have also been expanding our product offering, which encourages additional purchases from existing customers.

Our sales and marketing team is generally responsible for contacting prospective customers, renewing existing customers’ subscriptions, and maintaining customer relationships. Leveraging their sales expertise, thorough knowledge of our business and dedication to customer support, our sales and marketing team focuses primarily on large enterprises in key industry verticals with complex communications requirements and place great emphasis on cross-selling and up-selling efforts. We offer performance rewards to motivate our sales and marketing personnel, under which we grant them rewards such as travel plans and gold bar rewards for our top sales performers.

COMPETITION

Our operations are subject to the development of China's cloud-based communications services market and the related solutions market. We face competition from different companies for each of our business segments.

According to F&S, China's cloud-based communications services market has experienced continuous growth in recent years. From 2020 to 2024, the total revenue of China's cloud-based communications services market increased from RMB35.5 billion to RMB50.3 billion, growing at a CAGR of 9.1%. China's cloud-based communications services market is relatively fragmented with intense competition. Depending on their different service capabilities and main business, China's cloud-based communications services providers can be primarily divided into (i) providers with single service capability, who focus on a specific type of cloud-based communications services, such as CPaaS services or Contact Center SaaS; and (ii) full-suite communications services providers, who offer comprehensive cloud-based communications services covering both CPaaS services and Contact Center SaaS. We face competition from both types of cloud-based communication services providers.

According to F&S, the total market size of China's project-based communications solutions market increased from RMB254.8 billion in 2020 to RMB404.1 billion in 2024, growing at a CAGR of 12.2%. China's project-based communications solutions market is highly fragmented with plenty of market participants primarily including technology service providers, equipment manufacturers, and product and solution providers. We primarily compete with product and solution providers.

For information in connection with the cloud-based communications services market and project-based communications solutions market, see "Industry Overview" and "Risk Factors — Risks Relating to Our Business and Industry — Failure to maintain our advantages in an increasingly competitive market may adversely affect our business and prospects."

SEASONALITY

Our cloud-based communications services, namely our CPaaS and Contact Center SaaS services, are subject to seasonal fluctuations and generally experience an increase in customer demand during the second half of the year, particularly in the fourth quarter. Our revenue from CPaaS and Contact Center SaaS generally increases in the second half of the year due to increased service demands around holidays and online shopping festivals that occur in the latter half of the year. For instance, we generally see increases in service demands for promotional messages around online shopping festivals such as November 11, or "Double Eleven" (雙十一), and December 12, or "Double Twelve" (雙十二). We also generally see increases in service demands for holiday greeting messages around Mid-Autumn Festival, National Day, and New Year's Eve. In addition, new customers engaged in negotiation on their cooperations with us in the first quarter. It takes time for us to agree on the cooperation and go through our respective internal process. This factor also contributed to the fact that our revenue in the second half year during the Track Record Period is higher than the first half year.

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EMPLOYEES

Our human resources department is responsible for recruiting, managing, and training our employees. As of December 31, 2024, we had 209 full-time employees, most of whom were based in our headquarters in Beijing, China. Our other employees were based in our other offices in Suzhou, Shanghai, and other cities across China. The following tables set forth the number of our employees by function and number based in Beijing:

	<u>Number of Employee</u>	<u>% of total</u>	<u>Number of employees based in Beijing</u>
Research and development.	67	32.1	57
Sales and marketing	65	31.1	33
Finance	15	7.2	12
Administration	21	10.1	9
Customer service	16	7.7	6
Operation	<u>25</u>	<u>12.0</u>	<u>23</u>
Total	<u>209</u>	<u>100</u>	<u>140</u>

We strictly require fairness and transparency in our recruitment processes and place strong emphasis on diversity in our recruitment. We encourage talents from different backgrounds to join us to increase our workplace diversity. We have adopted a hybrid recruitment process, using both online and traditional methods to recruit candidates.

We provide various forms of incentives to our employees, including rewards based on monthly or quarterly performance evaluation. We also provide a variety of employee benefits including supplementary medical insurance, birthday gifts, employment anniversary gifts, holiday gifts, and other benefits to create better work-life balance for our employees. We implement clear, transparent, and predictable promotion procedures, including a performance review system under which our employees' performance and competence are regularly evaluated. We aim to more closely link the personal career development of our employees with our development. We offer comprehensive training programs to our employees, including monthly induction training for new employees, product training for all employees as needed, and concentrated training for key position employees at the beginning of each year. We believe our training culture has contributed to our ability to recruit and retain qualified employees and helped improve the overall performance of our employees. We set clear performance standards and may dismiss employees with low performance and employees who do not conform to our values. We abide by all relevant labor laws and regulations in our dismissal process.

As required under PRC laws and regulations, we participate in various employee social security plans that are organized by the applicable local municipal and provincial governments, including housing, pension, medical, maternity, work-related injury, and unemployment benefit plans. We are required under PRC laws to make contributions to employee benefit plans at specified percentages of salaries, bonuses, and certain allowance of our employees, up to a maximum amount specified by the local government. During the Track Record Period, we did

not fully pay social insurance and housing provident fund for certain of our employees as required under PRC laws and regulations, primarily due to (i) inadvertent oversight of the relevant requirements of applicable PRC laws and regulations, which may vary from region to region across China, and (ii) some of our employees were not willing to bear the costs associated with social insurance and housing provident funds. We estimate that during the Track Record Period, the shortfall in the aggregate amount of contributions made by our Group to our employees' social insurance was approximately RMB19.3 million, and the shortfall in the aggregate amount of unpaid housing provident fund was approximately RMB2.9 million. In respect of the legal consequences and the potential penalties for the failure to make full contributions to social insurance and housing provident fund, under PRC laws and regulations, the relevant competent authorities may (i) order us to pay the outstanding social insurance contributions within a certain period of time and impose an overdue fee amounting to 0.05% of the outstanding amount per day, failing to comply with which the relevant competent authorities may further impose a fine amounting to no less than one time but less than three times the outstanding amount; and (ii) order us to pay the outstanding housing provident fund contributions within a certain period of time. Failure to comply with which the relevant competent authorities may apply for people's court for enforcement. See also "Risk Factors — Risks Relating to Our Legal and Regulatory Requirements — Failure to comply with the labor and social insurance-related laws and regulations may adversely affect our business, financial condition, and results of operations." During the Track Record Period, we have not been subject to any administrative penalties related to non-payment of social insurance and housing provident fund due to violations of any applicable laws and regulations. Our PRC Legal Advisor has conducted interviews with the Beijing Chaoyang District Social Insurance Fund Management Center and the Chaoyang Management Department of the Beijing Housing Fund Management Center, which were the competent authorities overseeing social insurance and housing provident fund-related matters for our Company and our subsidiaries located in Chaoyang District, Beijing. During the interviews, we disclosed to the authorities that our contribution to social insurance and housing provident funds was insufficient. The authorities did not impose any penalties on us and indicated that their focus was on helping businesses rectify issues and mediating labor disputes. Based on the aforementioned, our PRC Legal Advisor is of the opinion that, under the current policies and regulations as well as the existing implementation and supervision requirements of local governments, and in the absence of employees' complaints, the likelihood that we are subject to collection of historical arrears and thus result in a significant adverse impact on our production and operation due to our failure to provide full social insurance and housing provident funds contributions for all employees is remote. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date. We undertake that if we are ordered by the competent government authorities to pay additional contributions in respect of the employee social insurance and housing provident fund, we would do so within the prescribed period. Mr. Piao, our single largest Shareholder, has also undertaken that he would indemnify us against any shortfall in the provisions we made, and any late fees, fines or compensation, with respect to the potential liabilities arising from our underpayment of social insurance and housing provident fund contributions.

We have made efforts to rectify the insufficient contribution to social insurance and housing provident funds for our existing employees since August 2024 by adjusting contribution bases. Such adjustment cannot complete immediately, because it is typically conducted during a designated time period each year as required by the relevant government authorities; and the timing of these adjustments varies across different regions. We expect to make full contributions to social insurance and housing provident funds for our employees in the next available window, which is expected to be on or before September 2025.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes or major disputes with our employees. We believe that we have maintained good working relationships with our employees.

INSURANCE

Our Directors believe that it is adequate and in line with industry norms that we only maintain insurance policies for our vehicles. In line with the general market practice, we do not maintain any product liability insurance, business interruption insurance, or key-man life insurance, which are not mandatory under PRC laws. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient to cover all the losses associated with our business operations.” During the Track Record Period, we did not make any material insurance claims in relation to our business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG Governance

We strictly comply with the securities regulatory rules in China and Hong Kong SAR. We are committed to creating long-term value for our shareholders, customers, employees, and other stakeholders. We have established a two-tier management structure, comprising our Board and the Environmental, Social and Corporate Governance (ESG) Working Group, and developed an Environmental, Social and Governance Policy Emergency Procedures Manual.

Our Board is the top management of our ESG governance, with our executive Director leading the management of ESG matters and meeting at least once a year to: (i) review the Annual Corporate Governance Report and Environmental, Social and Governance Report, and monitor the ESG-related training of Directors and senior management; and (ii) review the development of ESG-related policies.

Our ESG Working Group is managed by our executive Director, who is responsible for: (i) regularly reporting ESG risk management, objectives, plans, and implementation status and progress to our Directors and senior management; (ii) developing and reviewing ESG frameworks, strategies, policies, and procedures; (iii) reviewing the Environmental, Social and Governance Report to ensure the timeliness, completeness, and accuracy of information disclosure; and (iv) organizing and coordinating the implementation of ESG work, ensuring the orderly progress and implementation of ESG-related tasks.

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To effectively manage ESG risks, we collaborate with third parties to assess the scope and significance of the annual report and conduct surveys with internal and external stakeholders to identify, assess, and manage ESG-related risks. As of December 31, 2024, we have identified the following ESG-related risks:

Major ESG Issues	Potential Risks, Opportunities and Impacts
Information Security and Privacy Protection	Inefficient information security and privacy protection pose serious risks and impacts to us. Data breaches and hacks can result in broken customer trust, damaged brand reputation, and even legal action and fines. In addition, we may suffer financial losses as a result, including business disruption, customer loss, and increased compliance costs.
Human Resource Management	Ineffective human resources management could directly lead to difficulties in hiring and retaining talents, which in turn could result in increased executive turnover and a significant decline in overall productivity. Such a situation not only affects our operational efficiency but may also negatively impact our long-term growth strategies and corporate culture.
Response to Climate Change	Extreme weather conditions such as high temperatures, heat waves, heavy rainfall, floods, sandstorms, and other natural disasters can potentially cause physical damage to our office facilities and sophisticated equipment, leading to data loss and business disruptions. Furthermore, they pose safety risks to our employees' health and wellbeing, potentially triggering a cascade of additional consequences.
Health and Safety	Ineffective health and safety management may bring many risks and potential impacts to our Company. Frequent employee health issues may result in decreased work efficiency and increased errors at work, directly affecting our operations. Furthermore, recurring health problems can negatively impact employee morale and team cohesion, potentially damaging our corporate culture. In addition, non-compliant health management practices may expose us to legal actions and fines, thereby damaging our reputation and financial position.

Anti-Bribery and Corruption

We advocate a corporate culture of honesty and integrity and are committed to fostering an environment that actively discourages fraud. To this end, we have developed an anti-fraud management system that provides guidelines and regulations to prevent any improper behavior or bribery that could harm our economic interests, and to regulate the professional conduct of our Directors, senior and middle management, and all employees. We have established an anti-fraud coordination team responsible for organizing and coordinating the anti-fraud work

of our audit department. In addition, we have established channels such as hotlines and emails for reporting professional ethics issues and fraud cases to enable employees and other stakeholders to report violations of professional ethics by our personnel or to report actual or suspected instances of fraud. In cases of violation, we enforce appropriate disciplinary measures based on the severity of the offense. These measures may include, but are not limited to, interviews, formal warnings, demotion, dismissal, and, where necessary, legal action to hold the relevant individuals accountable. Meanwhile, we regularly conduct training to enhance our staff's awareness of anti-bribery and corruption practices, as well as reinforce professional ethics. As of December 31, 2024, we have conducted four anti-corruption trainings for our employees.

Environmental Management

We strictly adhere to the PRC environmental legislation, including the Environmental Protection Law (《中華人民共和國環境保護法》), the Water Pollution Prevention Law (《中華人民共和國水污染防治法》), and the Air Pollution Prevention Law (《中華人民共和國大氣污染防治法》), as well as other relevant laws and regulations. Environmental protection is an integral part of our development philosophy.

As a cloud-based communications service provider, we do not own energy-intensive data centers. Our energy consumption mainly comes from the day-to-day operations of our offices. To reduce energy consumption and emission and improve overall operational efficiency, we have implemented various measures to reduce electricity consumption in our office areas, including:

- *Lighting system optimization:* Installing separate light switches for different areas in the office and requiring employees to turn off lights when areas are not in use;
- *Smart computer and monitor settings:* Configuring power-saving modes for computers to automatically switch off their monitors or enter standby or hibernation when during periods of inactivity;
- *Electrical equipment management:* Regularly cleaning the radiators and fans of computers, printers, photocopiers, and other equipment to ensure efficient heat dissipation and reduce energy consumption;
- *Air-conditioning efficiency:* Setting reasonable air-conditioning temperatures and regularly cleaning the air-conditioning filters to save energy; and
- *Proactive maintenance of electric equipment:* Performing regular checks on electrical equipment in our offices, promptly repairing or replacing aging units to maintain low energy consumption states.

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The following table sets forth our energy use and consumption performance for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Purchased electricity (kWh)	63,247.04	91,076.74	57,911.54
Total comprehensive energy consumption ¹ (tonnes of standard coal)	7.77	11.19	14.53

We are committed to water conservation and have established a water use reduction target to reduce our total water consumption by 3% over the next three years, with 2023 as the base year, to continue promoting the conservation and sustainable use of water resources. We are dedicated to implementing various measures to reduce water consumption in our daily operations, including but not limited to:

- encouraging employees to adopt water-saving practices in their daily routines; and
- regularly monitoring and managing our water usage.

The following table sets forth our water usage for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Total water consumption (kg)	48,300	55,560	46,242
Total water consumption intensity (kg/RMB1,000 of revenue)	0.06	0.06	0.05

In our daily office operations, we generate both hazardous and non-hazardous waste. Our hazardous waste primarily consists of discarded printer toner and ink cartridges, waste electronic equipment, and batteries. Non-hazardous waste includes general household waste and paper products. We rely mainly on municipal water supply, and the minimal domestic wastewater we generate is discharged into the municipal sewerage system for appropriate treatment. To mitigate our environmental impact, we have implemented proactive measures to reduce waste generation, including but not limited to:

- promoting a paperless office environment by actively encouraging digital solutions to minimize paper usage and printer reliance. When printing is necessary, we encourage double-sided printing to reduce paper consumption; and

¹ The accounting coefficients of our total comprehensive energy consumption are based on the “General Rules for Calculating Comprehensive Energy Consumption GB/T 2589-2020”, the calculation coefficient of purchased power is 0.1229kgce/kWh.

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- collaborating with professional waste recycling companies to ensure that our waste is handled in full compliance with the relevant environmental laws and regulations.

The following table sets forth our hazardous waste emissions for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Printer waste toner cartridges (kg)	35	30	13
Printer waste cartridges (kg)	12.6	10.8	3.24
Electronic equipment waste (kg)	60	37.5	0
Battery Waste (kg)	6.05	7.78	3.46
Total hazardous waste (kg)	113.65	86.08	19.70
Hazardous waste density (kg/RMB1,000 of revenue)	0.00014	0.00009	0.00002

The following table sets forth our non-hazardous waste generation for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Domestic waste (kg)	21,840.0	20,475.0	16,380
Paper consumption (kg)	26.4	25.2	24.4
Total non-hazardous waste (kg)	21,866.4	20,500.2	16,404.4
Non-hazardous waste density (kg/RMB1,000 of revenue)	0.03	0.02	0.02

Climate Change

In the face of escalating global climate change and the increasing frequency of extreme weather events, we are confronted with growing impacts and challenges. We are actively engaged in identifying and addressing the risks and opportunities presented by climate change, aiming to comprehensively enhance our adaptive capacity and response to climate change.

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The following table sets forth our climate change risks and our corresponding responses and potential opportunities:

Type of Risk	Risk Description	Response Measures
Transition risk . . Policy risk	In response to the national “dual-carbon” target, regulators have been raising the standards of corporate carbon disclosure to ensure data transparency and accuracy	Develop internal strategies for managing greenhouse gas emissions from energy-consuming equipment in accordance with national energy transition trends and evolving regulatory requirements
	Technical risk	Equipment are becoming increasingly complex and integrated as low-carbon emission technologies continue to evolve and improve
	Market risk	Consumers are becoming more environmentally conscious, with an increasing preference for eco-friendly and low-carbon products
	Reputational risk	Failure to meet stakeholders’ expectations regarding our response to climate change may adversely affect our brand reputation
Physical Risk . . Acute risk	Climate change increases the likelihood of frequent extreme weather events and may result in a higher incidence of employee injuries due to natural disasters in the long run. Consequently, we may face increases in work-related injury insurance compensation rates and insurance premiums	Identify and systematically assess various potential acute risks in our operations and develop targeted emergency response plans accordingly

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Type of Risk	Risk Description	Response Measures
Chronic risk	The persistent rise in temperatures and water scarcity may lead to an increase in energy costs, resulting in higher overall operational expenses for our Company	

We are committed to the principles of green development, with a focus on reducing greenhouse gas emissions from indirect energy consumption in our daily operations. We have strengthened our energy management practices to improve our energy utilization efficiency, ensuring reasonable use of resources and minimizing waste. In addition, we address Scope 3 emissions by encouraging employees to adopt eco-friendly commuting and office practices. We expect to achieve a 10% reduction in our total GHG emissions (Scope 1 and 2) by 2030 compared to our emissions in 2023.

The following table sets forth our Scope 2 GHG emissions² for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Total greenhouse gas emissions ³ (tonnes of CO ₂ equivalent)	43.05	62.00	80.49
Greenhouse gas emissions intensity (tonnes/RMB1,000 of revenue)	0.00005	0.00007	0.00009

Human Resources Development

We believe that human resource management is crucial to our business. We have implemented management policies to ensure the standardization of human resources management and the effective protection of employees' rights and interests.

We adhere to the principles of fairness and transparency in our recruitment process. We select candidates based solely on their qualifications, experience, and skills, without regard to age, gender, race, or nationality. Upon employment, we conduct thorough identity and educational background verifications, and strictly prohibit child labor. We ensure that all necessary handover procedures are completed when an employee departs. We recognize talent as the cornerstone of our business growth, and provide diverse training and development opportunities as well as comprehensive evaluation processes and clear promotion pathways. To

2 We do not generate Scope 1 GHG emissions, and Scope 2 includes indirect GHG emissions from purchased electricity.

3 Our greenhouse gas accounting methods and coefficients are based on the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions for 24 Industries issued by the National Development and Reform Commission, the calculation coefficient of purchased power is 0.6807kgCO₂e/kWh.

enhance performance management, we have implemented a performance appraisal management system to ensure fair and reasonable performance appraisals and motivate employees. Our commitment to employee welfare is reflected in our comprehensive compensation and benefits package, which includes the standard 'five insurances and one fund' social security scheme, supplemented by various additional physical and recreational benefits. See also “— Employees”.

Supply Chain Management

We rigorously screen our suppliers to ensure product quality, timely delivery, and production capacity, while emphasizing the assessment of their environmental and social risks. We require suppliers to comply with all anti-bribery, anti-corruption, and other relevant laws and regulations to ensure compliance in their operations. Regarding geographic location, we prefer local or nearby suppliers to reduce transportation costs and environmental impact. We firmly believe that by building a well-established supply chain system, we are able to provide better services to our customers while promoting the sustainable development of our business.

Health and Safety

We have long prioritized operational safety and employee health and safety. To ensure that our operations comply with all applicable occupational safety laws, regulations, and standards, we have developed a comprehensive employee handbook detailing our labor safety procedures. Our human resources department is responsible for recording and tracking any workplace accidents and following up on related insurance claims, such as accident and supplementary medical insurance. During the Track Record Period, we did not receive any claims or complaints from employees, customers, or the public regarding any significant health or occupational safety issues related to our business operations.

Risk Management Framework

We are exposed to various risks in our business operations. For details, see “Risk Factors — Risks Relating to Our Business and Industry”. We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we deem appropriate for our business operations. We are dedicated to continuously improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations. Our internal review department is responsible for supervising and reviewing our internal control system.

In preparation for the Global Offering, we have engaged an independent third-party consultant (the “Internal Control Consultant”) to perform a review of selected areas of our internal controls, including our financial reporting. The Internal Control Consultant performed procedures and put forward suggestions for improvement. We have further strengthened our internal control process based upon the Internal Control Consultant’s suggestions.

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Financial Risk Management

We are exposed to various financial risks in relation to our financial instruments and financial assets and liabilities that arise from our operations, mainly credit risk, liquidity risk, and interest rate risk. Our Board of Directors reviews and approves policies for managing each of these risks. For details of our financial risk management, see note 34 to the Accountants' Report in Appendix I to this prospectus.

Compliance Risk Management

We have implemented a series of internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Additionally, we have adopted various measures in connection with our data protection. See “— Legal Proceedings and Compliance — Data Privacy and Security” for more details. We also maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operations, and monitor the status and effectiveness of those licenses and approvals.

PROPERTIES

Our corporate headquarters is located at Beijing, China. As of the Latest Practicable Date, we did not own any property but were leasing 37 properties in China, which were used primarily as offices and for company registration purposes. As of the Latest Practicable Date, we have not completed the registration and filing for 36 of our leased properties, primarily because (i) our personnel responsible for handling the property leases were unfamiliar with the relevant regulatory requirements; and (ii) the registration and filing of the leases required cooperation from the relevant lessors, who generally showed low willingness to cooperate with us for the registration process. As advised by our PRC Legal Advisor, our failure to register and file the lease agreements for our leased properties will not affect the validity of such lease agreements, but the relevant competent housing authorities may order us to register the lease agreements within a prescribed period of time and impose a fine of up to RMB10,000 for each non-registered lease agreement if we fail to complete the registration and filing within the prescribed timeframe. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant PRC government authorities, nor have we experienced any termination or interruption of business operations or major property loss because of the failure to register and file the lease agreements as described above. Our Directors are of the view that the non-registration of the lease agreements would not materially and adversely affect our business operations. See “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to risks relating to our failure to complete lease registration and filing for our leased properties.”

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To reduce future occurrences of failure to register and file lease agreements in accordance with the relevant PRC laws and regulations, we have implemented the following internal control measures: (i) our contract management department shall oversee the registration and filing of leases by the relevant responsible department. All documentation related to the registration and filing process shall be retained for record-keeping purposes. Our contract management department shall oversee and verify the registration and filing to ensure compliance with relevant laws and regulations. Our administrative department shall conduct training on lease registration and filing procedures to ensure that staff members handling such matters are familiar with the relevant regulatory requirements; and (ii) the responsible department handling a lease shall conduct a risk assessment of the property to be leased and give preference to properties whose lessors are willing to cooperate with our lease registration and filing process. In cases where registration and filing are not feasible, the staff member handling the lease shall provide a written explanation outlining why the lease cannot be registered and filed. This written explanation shall be reviewed to ensure that both the leased property and the execution of the lease agreement comply with our policies.

As of the Latest Practicable Date, the landlords of 20 of our leased properties did not provide valid title certificates, purchase agreements, construction permits issued by competent authorities, or other documents proving ownership rights of the relevant leased properties. Furthermore, for five of our leased properties, no signed written lease agreements still within the lease term have been provided. As advised by our PRC Legal Advisor, if our rights with respect to any of such properties were successfully challenged by a third party, or the relevant lease agreement was deemed invalid by the competent authorities, or the leased property which has not obtained the necessary construction approval from the competent authorities, may be ordered to be demolished by the competent authorities, we may be forced to relocate our operations on the affected properties. Our Directors believe that given the aforementioned leased properties are only used as office space or for business registration purposes, if the lease relationship is terminated in the future, we are capable of finding alternative leasable premises in a timely manner. As advised by our PRC Legal Advisor, the disclosed defects in the leases will not have a significant adverse impact on our business operations. See also “Risk Factors — Risks Relating to Our Legal and Regulatory Requirements — We may be subject to risks relating to our failure to complete lease registration and filing for our leased properties.”

LICENSES, PERMITS AND CERTIFICATES

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we have obtained all material requisite licenses, permits and certificates required for our business operations in China, and such licenses, permits and certificates had remained in full effect. We are required to renew such licenses, permits and certificates from time to time, and we do not expect any material difficulties in such renewals so long as we comply with the applicable requirements and conditions set by the relevant laws and regulations. Our material requisite licenses, permits and certificates include value-added telecommunications business licenses, telecommunications network code number resource usage certificates, and other business qualification certificates.

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The following table sets forth the details of our material value-added telecommunications business licenses:

No.	License Holder	Scope of Business	Issuing Authority	Term of Validity
1 . . .	Our Company	Domestic multiparty communication services Domestic call center Information service (excluding internet information services)	MIIT	2024.12.03- 2029.12.03
2 . . .	Our Company	Information service (limited to internet information services), excluding information search and query services, instant messaging services	Beijing Communications Administration	2024.04.17- 2029.04.17
3 . . .	Jishihui	Domestic call center Domestic multiparty communication services Information service (excluding internet information services)	MIIT	2024.05.14- 2028.12.18
4 . . .	Jishihui	Information service (limited to internet information services), excluding information search and query services, instant messaging services	Beijing Communications Administration	2024.04.17- 2029.04.17
5 . . .	Yunxun Science and Technology	Domestic call center Information service (excluding internet information services)	MIIT	2023.12.18- 2028.12.18
6 . . .	Yunxun Science and Technology	Information service (limited to internet information services), excluding information search and query services, instant messaging services	Beijing Communications Administration	2024.07.03- 2029.07.03
7 . . .	Zhongmai Communication	Domestic call center Information service (excluding internet information services)	MIIT	2023.12.18- 2028.12.18
8 . . .	Zhongmai Communication	Information service (limited to internet information services), excluding information search and query services, instant messaging services	Beijing Communications Administration	2024.07.03- 2029.07.03
9 . . .	Huali Daxing	Domestic call center	MIIT	2022.10.18- 2027.10.18
10 . .	Yunyan Tianchuang	Information service (excluding internet information services)	MIIT	2023.08.07- 2027.05.27
11 . .	Shanghai Dingshu	Information service (excluding internet information services)	MIIT	2023.06.05- 2026.11.05
12 . .	Shanghai Halouwei	Domestic call center Information service (excluding internet information services)	MIIT	2024.08.08- 2027.06.09

BUSINESS

No.	License Holder	Scope of Business	Issuing Authority	Term of Validity
13 . .	Jiangsu Hongluo	Domestic call center Information service (excluding internet information services)	MIIT	2022.11.14- 2027.06.16
14 . .	Jiangsu Huashao	Domestic call center Information service (excluding internet information services)	MIIT	2023.08.30- 2027.06.24
15 . .	Jiangsu Shaoyan	Domestic multiparty communication services Domestic call center Information service (excluding internet information services)	MIIT	2023.03.28- 2027.06.24
16 . .	Sichuan Yuyu	Domestic multiparty communication services Domestic call center Information service (excluding internet information services)	MIIT	2023.04.19- 2027.06.24

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

The Beijing Yakang and Beijing Yunxi Case

Background

Since October 2024 and up to the Latest Practicable Date, the Company became involved in two interrelated legal proceedings arising from contractual disputes concerning the sale and purchase of computing module products (the “**Disputed Goods**”). The disputes involved Beijing Yakang Huanyu Technology Co. Ltd. (“**Beijing Yakang**”) as the plaintiff and the counterclaim defendant and Beijing Yunxi Technology Co. Ltd. (“**Beijing Yunxi**”) as a third party and the counterclaim defendant.

In December 2023, Beijing Yunxi approached the Company to facilitate the sale of the Disputed Goods. On January 16, 2024, the Company entered into purchase contracts with Beijing Yunxi (the “**Yunxi Purchase Contract**”) for RMB104 million, requiring an advance payment of RMB54.1 million. This advance payment has been recorded as other receivables. For details, see “Financial Information — Prepayments, Deposits, and Other Receivables”. In January 2024, Beijing Yunxi introduced Beijing Yakang as a buyer for the Disputed Goods due to internal procedures, Beijing Yunxi represented that it was practicably ineligible to enter into a contract directly to satisfy the requested contractual completion terms with Beijing Yakang, as the internal procedures required on the part of Beijing Yakang could not be completed within the delivery period, which comprised multiple stages of approval, resource allocation, and compliance checks. These procedures are complex due to the internal protocol for cross-departmental coordination, and alignment with the discussed contractual delivery terms, potentially requiring additional time to complete the operational procedural process. However,

by contracting with our Company, a listed company on the NEEQ with a strong and proven track record, Beijing Yakang can streamline the process and achieve prompt completion. Our established framework satisfied the pre-approved compliance protocols, and dedicated resources to expedite contract finalization, meeting Beijing Yakang's delivery requirements to complete the transaction, and on the same date, the Company entered into sales contracts with Beijing Yakang (the "**Yakang Sales Contract**") for RMB109 million, with an advance payment of RMB54.5 million and the advance payment has been recorded as other payables in the financial statements. For details, see "Financial Information — Other Payables and Accruals". Both contracts stipulated delivery by April 30, 2024. The arrangement effectively functioned as a back-to-back transaction, with the Yakang Sales Contract contingent on the fulfillment of the Yunxi Purchase Contract.

The Company had no prior business relationship with either Beijing Yunxi or Beijing Yakang and does not typically engage in the sale of the Disputed Goods. On April 30, 2024, Beijing Yunxi failed to deliver the Disputed Goods, preventing the Company from fulfilling its obligations to Beijing Yakang. In November 2024, Beijing Yakang filed a lawsuit against the Company, seeking repayment of the RMB54.5 million prepayment and RMB10.9 million in damages (the "**Litigation**"). As part of the Litigation process, Beijing Yakang submitted a property preservation application to the court, petitioning for the freeze of a Company bank account in the amount of RMB16.35 million. As of the Latest Practicable Date, RMB7.36 million has been frozen. The Company petitioned to the court to consolidate both disputes in relation to the Yakang Sales Contract and the Yunxi Purchase Contract to be adjudicated in the same trial given its collusion arrangement. The Company defended the claim, requested to join Beijing Yunxi as a party to the Litigation, counter-sued Beijing Yunxi for the return of its RMB54.1 million prepayment, and claimed the fraudulent collusion between Beijing Yakang and Beijing Yunxi.

Commercial Rationale for Entering into the Transaction

In December 2023, the Company was approached by Beijing Yunxi and presented an opportunity to facilitate a high-value, one-off transaction involving the sale and purchase of the Disputed Goods. Distinct from the Company's core cloud-based communication services, this engagement was driven by commercial viability based on the available information, offering an anticipated profit margin of RMB5 million with no apparent and foreseeable financial or operational risk exposure at the time of entering into the Yunxi Purchase Contract and Beijing Yakang Sales Contract (collectively, the "**Transactions**" or "**Incident**"). By participating in the Transactions, the Company aimed to capitalize on this low-risk, high-return opportunity while gaining insights into high-value procurement chains, aligning with its broader strategy to explore innovative business prospects.

- (i) **Supplier and Buyer of the Transactions Were Identified and Confirmed:** In December 2023, Beijing Yunxi approached the Company to facilitate the sale of the Disputed Goods, affirming that it would be able to identify the buyer of the Disputed Goods. Beijing Yunxi indicated that it would require a third-party intermediary due to its internal procedural constraints. In January 2024, after both the buyer and seller

of the Disputed Goods were identified and confirmed for conducting the Transactions, the Company acted as an intermediary in this back-to-back transaction. It considered this a low-risk business opportunity to earn a RMB5 million profit margin, as the Transactions were executed concurrently in January 2024, ensuring clarity on the counterparties at the outset.

(ii) No Unusual Findings Casting Doubt on the Credibility of the Counterparties:

Due diligence was conducted prior to the Transactions, and there were no unusual findings that cast doubt on the credibility of both counterparties. Beijing Yakang, a wholly-owned subsidiary of a publicly listed company, and Beijing Yunxi, established in 2017 with a track record in product procurement, are entities with proven operational histories. Beijing Yunxi has served several listed companies, including Beijing Blue Star Technology Co., Ltd. (NEEQ: 890790) and Huaxin Green Source Environmental Protection Co., Ltd. (SZ: 301265.SZ), with no recorded operational irregularities or contractual breaches identified. These due diligence findings satisfied the Company's qualification standards for counterparties in a transaction, supporting the Transactions' commercial viability.

(iii) Financial and Risk Structure: The Transactions were structured to minimize financial and operational risks. On January 16, 2024, the Company entered into the Beijing Yunxi Purchase Contract (RMB104 million, with a RMB54.1 million advance payment made for the purchase) and the Beijing Yakang Sales Contract (RMB109 million, with a RMB54.5 million advance payment received for the sale). The advance payment was transferred to the Company by Beijing Yakang, and subsequently, the Company paid the advance deposit to Beijing Yunxi by utilizing the advance payment received from Beijing Yakang. Therefore, the deposit paid to Beijing Yunxi fully covered the advance payment made by Beijing Yakang, with no capital commitment from the Company. At the time, the transactional team assessed that the Transactions posed no apparent risk of financial loss, positioning the Company to earn a RMB5 million margin.

(iv) Strategic Opportunity: Although outside the Company's core cloud-based communication services, this one-off engagement aligned with its strategy to explore innovative commercial opportunities. The Transactions offered insights into high-value procurement chains for computing module products, strengthening the Company's business network and positioning it for potential future opportunities in related sectors. The anticipated RMB5 million margin represented a commercially sound opportunity with manageable risk.

As advised by the Company's PRC Legal Advisor, the Company complied with the relevant PRC laws and regulations in entering into the Beijing Yunxi Purchase Contract and Beijing Yakang Sales Contract.

BUSINESS

Internal Control Measures Adopted Prior to the Incident

Prior to the Incident, the Company implemented several non-core business specific internal control measures. These measures, including thorough due diligence, transaction scrutinization, standardized contract processes, and payment process controls, were designed to mitigate risks associated with engaging new counterparties in new business.

- (i) **Due Diligence on New Counterparty:** Prior to entering into the Transactions, the transactional teams conducted comprehensive background checks on new counterparties using publicly available information. The transactional teams were required to review the counterparties' credibility, business track record, and involvement in material litigation or regulatory non-compliance. At the material time, no adverse findings were identified and the new counterparties were qualified and therefore based on the due diligence result, it would not deter the Company from entering the Transactions.
- (ii) **Transaction Scrutinization:** Substantive value transactions were subject to review and approval by management. Transactional teams were required to present due diligence findings to management on new counterparties and report whether any unusual issues or red flags had been identified. Considering the due diligence findings presented by the transactional team, which highlighted that there were no unusual findings or red flags, the absence of capital commitment, and the low-risk structure for advance payment, approval was given to the Transactions due to their commercial viability.
- (iii) **Payment Process Controls:** The Company implemented the payment process procedure prior to the incident. Fund payments should follow the Company's standard payment procedures. The payment process control would restrict payments and processing only after the contractual conditions precedent had been verified and satisfied, maintaining financial cash flow as stipulated in the contractual terms. The RMB54.1 million advance payment to Beijing Yakang was stipulated in the contract terms, therefore, the payment process was approved when Beijing Yunxi completed the advance payment of RMB54.5 million.

Enhanced Internal Control Measures Adopted After the Incident

Following Beijing Yunxi's failure to deliver the Disputed Goods by April 30, 2024, which led to the non-fulfillment of the Beijing Yakang Sales Contract and subsequent litigation, the Company reviewed its internal controls and identified opportunities for enhancement. In response to this unprecedented incident, the Company, with input from internal control advisors, implemented strengthened measures to optimize governance and mitigate future risks in non-core transactions. These internal control enhancements reflect the Company's commitment to operational excellence and proactive risk management, ensuring robust scrutiny for non-core business, high-value, and unconventional engagements.

- (i) **Restrictions on Non-Core Transactions:** The Company prohibits agreements unrelated to its principal business or involving unconventional activities unless the transactional team provides exceptional commercial reasoning and a comprehensive due diligence report addressing all transactional risks. The due diligence findings should be presented in report form rather than as general findings or other forms of documentation. Such non-core transactions require approval through a multi-tiered vetting process involving the transactional team leader, head of the legal department, chief financial officer, deputy general manager, chairman of the board, and general manager. No negotiations may proceed without all required approvals being obtained.
- (ii) **Enhanced Due Diligence:** For non-core or unconventional transactions, the transactional team must conduct comprehensive due diligence, including counterparty background checks, industry and market trend analysis for the non-core transaction, and verification of operational stability. The due diligence report must assess default risks and conditions precedent for transaction completion, detailing maximum financial and operational risk exposure. Contracts may proceed to approval only after the legal team completes risk assessments, verifies terms, and reviews the stringent enhanced due diligence report.
- (iii) **Intensified Contract Performance Scrutinization:** The Company has increased the frequency and scope of contract performance scrutinization. Contracts exceeding RMB5 million require monthly monitoring, while those transactions below RMB5 million require quarterly monitoring. The strengthened contract performance scrutinization involves business, commercial, and internal audit teams, which are responsible for the performance of the contracts and are required to escalate identified unusual issues to prompt immediate action to minimize losses. Issues or unusual findings should be promptly escalated based on severity:
- Level III Risk (losses below RMB500,000): Reported to the transactional team leader.
 - Level II Risk (losses between RMB500,000 and RMB2 million): Reported to the responsible general manager of the subsidiary.
 - Level I Risk (losses exceeding RMB2 million): Reported to the chairman of the Board.

Other than the one-off Transactions, the Group has not entered into any similar sale and purchase activities during the Track Record Period and up to the Latest Practicable Date.

Following the Incident, the Company strengthened its governance through restricting non-core transactions, enhanced due diligence, and intensified contract scrutinization. These enhanced internal measures accentuate the Company's commitment to operational excellence and risk management, ensuring alignment with its strategic objectives and Company's interests.

Recent Developments and Likelihood of Outcome

In April 2025, the Daxing District People's Court accepted the Company's request to consolidate the disputes, and on May 23, 2025, the Court formally accepted the petition of the Company (Case No. 2025京04民初61號), adding Beijing Yunxi as a third party.

The Company has sought advice from Beijing Tenghe Law Firm (the "**Litigation Lawyer**") in relation to the Litigation, which, based on its analysis and the evidence presented during the trial, believes that there is substantial evidence of fraudulent conduct by both Beijing Yakang and Beijing Yunxi, including falsified documentation and historical ties suggesting collusion. Based on the available evidence, the Litigation Lawyer advised it is likely that the court will (i) reject Beijing Yakang's claims on damages involved in the Litigation, (ii) declare both contracts void due to fraud and return to the status quo to return the advance payment, and (iii) order Beijing Yunxi to return the prepayment to the Company. Notwithstanding the favourable advice, the Company has made a provision of approximately RMB21.6 million for potential losses. When the Company assessed the impairment of these receivables as of December 31, 2024, it considered the following factors: (i) Based on the Company's due diligence and ongoing communication with Beijing Yunxi, Beijing Yunxi still possesses delivery capabilities; (ii) apart from sporadic litigation, there have been no other publicly available matters significantly impacting Beijing Yunxi's operations; (iii) the Company referenced the average principal recovery rate for single-entity corporate receivable transfers published by the China Banking Center in 2023 and 2024, with a two-year average principal recovery rate exceeding 60% and a discount rate below 40%. For further details, see "Financial Information — Impairment Losses on Financial Assets, Contract Assets and Other Assets". Based on the foregoing, the PRC Legal Advisers are of the view that the Company has already engaged the Litigation Lawyer to actively deal with the Litigation, the Litigation Lawyer advised that the Company has a high likelihood of prevailing in the Litigation, and the legal analysis provided by the Litigation Lawyer has a reasonable legal basis. If the outcome of the Litigation aligns with the judgment and analysis of the Litigation Lawyer, the outcome of the Litigation will have a relatively small impact on the operating results and sustainable profitability of the Company. Therefore, the Litigation does not constitute a substantial legal impediment to the listing of the Company.

The Unicom Case

On February 24, 2025, Unicom (Shanghai) Industrial Internet Co., Ltd. (聯通(上海)產業互聯網有限公司) ("**Unicom Shanghai**") filed a lawsuit with the District People's Court of Changning, Shanghai, requesting that the court order Yunxun Technology to pay RMB3.4

million, of which RMB3.2 million has been recorded as an account payment in the Company's financial statements. Therefore, only the remaining RMB0.2 million, being the amount in dispute, has yet to be recorded in the Company's financial statements.

According to Unicom Shanghai's pleading, it signed a cooperation agreement with Yunxun Technology under which Unicom Shanghai agreed to provide one year of cloud notification SMS service to Yunxun Technology. Following the signing of the cooperation agreement, there is a dispute with Unicom Shanghai regarding the SMS fees. As of the date of filing the lawsuit, Yunxun Technology owed Unicom Shanghai an outstanding amount of RMB3.2 million. As of the Latest Practical Date, the trial has yet to be scheduled. Notwithstanding that the trial has yet to be scheduled, the Company and Unicom Shanghai have commenced mediation on the amount, and it is expected that the disputed amount will be lower than RMB0.2 million.

We may from time to time become a party to various legal proceedings arising in the ordinary course of business. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, except as disclosed in this section, we have not been and are not a party to any material legal, arbitral or administrative proceedings, and we are not aware of any pending or threatened legal, arbitral, or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

Compliance

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for certain of our employees as required under the relevant PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any administrative penalties by the competent government authorities as a result of our contribution shortfall. For details, see “— Employees”.

During the Track Record Period, we have not completed the registration and filing of 36 of our leased properties. As advised by our PRC Legal Advisor, our failure to register and file these lease agreements will not affect the validity of the relevant lease agreements. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any administrative penalties by the relevant PRC government authorities, nor have we experienced any termination or interruption of business operations or major property loss because of our failure to register and file the lease agreements. For details, see “— Properties”.

During the Track Record Period and up to the Latest Practicable Date, we have not been and are not involved in any material noncompliance incidents resulting in fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

Data Privacy and Security

We offer our services and solutions with privacy as a core tenet. We have established stringent internal protocols to ensure secure authorization for data usage and adopted encryption and other technical measures to ensure data security.

Data Collection

In the provision of our cloud-based communications services, namely our CPaaS and Contact Center SaaS services, we may directly collect customer data from our customers, which are principally private enterprises and public organizations. We do not collect personal information as the personal information processor. Such customer data are limited to information such as contact person and business registration certificate information of the customer, message templates uploaded to our platform for review, and user behavior data analytics such as the number of messages sent and voice call duration. For our Contact Center SaaS services, the customers may also use our services through their own digital channels or on their own systems. In such cases, our services are deployed in a private environment controlled by our customer, and the collection, storage, transmission, processing, and use of related data or personal information are all carried out in an environment controlled by the customer. No personal data is stored in our system.

We employ AI tools for our services and offerings. The employment may involve data collection and procurement. Below sets forth a summary of the AI tools we employ in each of our services:

Service	AI Tools Used	AI Application Method	Data Collection or Procurement for the AI Application during the Track Record Period and up to the Latest Practical Date
Cloud-based communications services			
CPaaS			
Messaging services	<ul style="list-style-type: none"> Machine learning Generative AI-powered copywriting 	<ul style="list-style-type: none"> <i>Machine learning</i>: Filters spam and irrelevant messages; detects and censors inappropriate language and illegal content in incoming messages; predicts end user preferences using anonymized historical data and user behavior analytics <i>Generative AI-powered copywriting</i>: Generates natural and fluent message content that emulates human writing styles by learning from extensive text datasets 	Data collection – Yes Data procurement – No

Service	AI Tools Used	AI Application Method	Data Collection or Procurement for the AI Application during the Track Record Period and up to the Latest Practical Date
Voice services	<ul style="list-style-type: none"> • ASR • NLP • TTS • Machine learning 	<ul style="list-style-type: none"> • <i>ASR</i>: Converts end users' speech input into transcripts for subsequent processing • <i>NLP</i>: Performs semantic analysis to identify user intent, enabling the system to provide appropriate responses or execute relevant actions • <i>TTS</i>: Generates natural and fluent voice responses to interact with the end users; improves upon response content and approaches based on user feedback • <i>Machine learning</i>: Analyzes anonymized historical data and user behavior data to provide more customized services based on end users' preferences 	Data collection – Yes Data procurement – No
IoT mobile data pool and management	AI-driven analytics	Utilizes various AI algorithms and tools to analyze data generated in IoT SIM card services, performing functions such as data visualization, anomaly detection, and trend prediction	Data collection – Yes Data procurement – No

Service	AI Tools Used	AI Application Method	Data Collection or Procurement for the AI Application during the Track Record Period and up to the Latest Practical Date
Mobile data services	<ul style="list-style-type: none"> Machine learning Data analytics 	<ul style="list-style-type: none"> <i>Machine learning</i>: Analyzes anonymized end users' data usage and behavior patterns; predicts future data traffic demands <i>Data analytics</i>: Generates customized data plan or value-added service recommendations based on end users' historical data usage and behavior patterns 	<p>Data collection – Yes</p> <p>Data procurement – No</p>
Virtual goods services	<ul style="list-style-type: none"> Smart recommendation system Data analytics 	<ul style="list-style-type: none"> <i>Smart recommendation system</i>: Generates customized recommendation list according to users' historical behaviors and preferences <i>Data analytics</i>: Predicts factors such as members' purchasing behavior and churn risk using machine learning models and historical data 	<p>Data collection – Yes</p> <p>Data procurement – No</p>

Service	AI Tools Used	AI Application Method	Data Collection or Procurement for the AI Application during the Track Record Period and up to the Latest Practical Date
Contact Center SaaS			
Smart voice navigation	<ul style="list-style-type: none"> • ASR • NLP • TTS • LLMs 	<ul style="list-style-type: none"> • <i>ASR</i>: Converts end users' speech input into transcripts for subsequent processing • <i>NLP</i>: Performs semantic analysis, enabling the system to provide appropriate responses or execute relevant actions • <i>TTS</i>: Generates natural and fluent voice responses to interact with the end users; improves upon response content and approaches based on user feedback • <i>LLMs</i>: Generate replies for questions outside scope of flow tree 	<p>Data collection – Yes</p> <p>Data procurement – No</p>
Smart text bot	<ul style="list-style-type: none"> • NLP • LLMs 	<ul style="list-style-type: none"> • <i>NLP</i>: Categorizes end user requests into predefined categories; identifies user intent enables the text bots' responses to sound more human and natural • <i>LLMs</i>: May be used at the customer's request to provide complex functions such as corrections and associated question recommendations 	<p>Data collection – Yes</p> <p>Data procurement – No</p>

Service	AI Tools Used	AI Application Method	Data Collection or Procurement for the AI Application during the Track Record Period and up to the Latest Practical Date
Smart service quality check	<ul style="list-style-type: none"> • ASR • Speech analysis • NLP 	<ul style="list-style-type: none"> • <i>ASR</i>: Converts end users' speech input into transcripts for subsequent processing • <i>Speech analysis</i>: Performs semantic analysis of the speech transcripts to evaluate service quality and other aspects of the call agents' performance • <i>NLP</i>: Evaluates the performance of the call agents based on predetermined criteria 	<p>Data collection – Yes</p> <p>Data procurement – No</p>
Smart service assistance	<ul style="list-style-type: none"> • NLP • ASR • Real-time conversation analysis • Information recommendation • Machine learning 	<ul style="list-style-type: none"> • <i>NLP</i>: Provides recommended responses to call agents • <i>ASR</i>: Converts the voice conversations into transcripts • <i>Real-time conversation analysis</i>: Analyzes the content of conversations between call agents and callers/call recipients • <i>Information recommendation</i>: Supplies call agents with relevant information during conversations, empowering them to provide more informed and helpful responses to callers or call recipients • <i>Machine learning</i>: Predicts caller issues or needs, allowing call agents to prepare appropriate responses in advance 	<p>Data collection – Yes</p> <p>Data procurement – No</p>

Service	AI Tools Used	AI Application Method	Data Collection or Procurement for the AI Application during the Track Record Period and up to the Latest Practical Date
Smart call bot	<ul style="list-style-type: none"> • TTS • ASR • Dialogue management system • NLP • LLMs 	<ul style="list-style-type: none"> • <i>TTS</i>: Converts text into language to enable voice interactions with the call recipients • <i>ASR</i>: Converts the voice conversations into transcripts • <i>Dialogue management system</i>: Manages the dialogue's flow to ensure that the call bot interacts with the call recipient following the preset flow tree • <i>NLP</i>: Enables the call bots' responses to sound more human and natural • <i>LLMs</i>: May be used at the customer's request to enable the call bots to respond to more complex questions and generate responses of higher quality 	Data collection – Yes Data procurement – No
Video assistance	Video content analysis	Identifies key frames, actions, and other elements within videos	Data collection – Yes Data procurement – No
Project-based communications solutions	Data analytics, voiceprint recognition, motion recognition, LLMs	Project-specific — for instance, voiceprint recognition and motion recognition may be used to detect cries for help and bullying behavior, respectively, for campus safety solutions	Data collection – No Data procurement – No

Service	AI Tools Used	AI Application Method	Data Collection or Procurement for the AI Application during the Track Record Period and up to the Latest Practical Date
Other communications services and accessories			
Specialized mobile phones . . .	N/A	N/A	Data collection – No
Contact center outsourcing . . .	N/A	N/A	Data procurement – No Data collection – No
Video conferencing solutions .	N/A	N/A	Data procurement – No Data collection – No Data procurement – No

AI application in our service and solutions involves data collection during the Track Record Period and up to the Latest Practicable Date. For cloud-based communications services, data collected included end users' data, such as message successful delivery rate, responsive rate and click-in rate of the links in the messages, call duration, the answer rate and connection rate. It also involves the collection of end user behavioral data such as clicks and browsing history in messaging services, contexts of voice calls and end user voice and interaction data in voice messages, and purchase timestamps and data plan sizes in mobile data services. For project-based communications solutions, we do not collect data for the training of AI models. We did not procure any data during the Track Record Period and up to the Latest Practicable Date. We only collect the data to the extent necessary and only when consent from the one which personal information belonged is acquired. We examine the consents to ensure that all data procured were legally obtained. Our Directors are of the view that our data collection and procurement complied with relevant laws and regulation in all material aspects.

For our project-based communications solutions, our solutions are hosted by our customers on-premise. The collection, storage, transmission, processing, and use of data are carried out in an environment controlled by the customer. No data is returned to our system for storage and processing. For the data analysis services provided in our psychological screening solution, data such heart rate variability and body temperature will be collected by the customers and transmitted to us after anonymization and being analyzed by our system. Based on the data transmitted to us for analysis, we are only able to match the data with the number of the smart wristbands. We do not possess information as to which individual was wearing the smart wristbands. We believe that such data transmitted and analyzed are not personal information.

Same as our data collection practice in Contact Center SaaS services, we collect customer data and do not collect personal information during the provision of our contact center outsourcing service and video conference solutions deployed in a private environment controlled by our customer. For our video conference solutions deployed in a public cloud, which we have been strategically reducing and for which we have not acquired any new customers since 2023, customers and end users will provide certain personal information. Our website includes a standalone privacy policy page that specifies the types of personal information collected and the circumstances under which we collect personal information.

Data Storage and Deletion

We handle personal information within the scope required to provide communication services as outlined in our agreements with our customers. Such agreements stipulate that our customers allow us to store the content and timestamps of the messages sent through our platform and retain such information for more than one month, for the purpose of providing such information to authorities when lawfully requested. We store the data we process in the course of our business operations and service provision on cloud servers that we lease from reputable providers in China. According to our agreements with the end users of our video conferencing solutions, we retain their personal information for at least one year after we receive such information, after which we will delete the relevant information, in accordance with relevant laws and regulations.

Data Sharing and Transmission

During the provision of cloud-based communications services, we transmit personal information, primarily identity and mobile numbers of our customers' end users, based on the entrustment of our customers. Pursuant to the PRC Personal Information Protection Law, we act as an entrusted processor of personal information in the provision of our CPaaS and Contact Center SaaS services. During the internal transmission of such mobile phone numbers, we encrypt personal information entrusted by our customers. Only designated operational personnel have permissions to decrypt and identify complete phone numbers for troubleshooting. When transmitting the personal information to telecommunications operators and service providers based on the entrustment of our customers, we use the encryption protocols required by each telecommunication operator or service provider to ensure the security of the entrusted personal information.

Our project-based communications solutions are deployed on the customer's IT system. Thus, we did not and do not receive personal information during the provision of project-based communications solutions during the Track Record Period and up to the Latest Practicable Date.

Our other communications services and accessories also involve personal information transmission in the provisions of contact center outsourcing. Our data sharing and transmission practice for contact center outsourcing are aligned with the one for Contact Center SaaS.

Internal Control and Employee Training

We have implemented internal rules and policies to ensure the security of our data and our customers' data. We have established a management framework, clarifying the responsibilities of our information security management committee, information security management group, information security executive group, information security audit group and information security incident response team. Within the framework, we focus on information security, cybersecurity, data security and personal information protection to comprehensively protect the privacy of our customers and us.

Additionally, we prioritize raising employees' awareness of information security risk prevention. Our research and development center security administrator is responsible for organizing and revising our security management system actions. The security administrator cooperates with the human resources department annually to organize relevant departments for information security education and training to enhance employees' awareness of information security risk prevention. We have obtained ISO 27001 information security management system certification. Our smart communication service system (Level 3) has been filed according to the Regulations of the People's Republic of China for Safety Protection of Computer Information Systems. During the Track Record Period, we did not experience any major information security incidents.

As advised by our PRC Legal Advisors, our business has complied with the PRC Cybersecurity Law, the PRC Data Security Law, and the PRC Personal Information Protection Law in all material aspects during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, we did not have any disputes with our customers or the end users of our customers that were related to personal information protection. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any administrative penalties or inspections due to violation of personal information protection-related laws or regulations.

We have not involved in any cross-border data transfer during our daily operations during the Track Record Period and up to the Latest Practicable Date.

Third-Party Payment Arrangements

During the Track Record Period, to our best knowledge, certain of our customers settled their payments to us through other entities or persons, including (i) through their affiliated entities, including customers' subsidiaries or entities which are under common control with them ("**Common Control Payors**"); (ii) public sector customers paying through designated treasury centers or paying governmental entities ("**Treasury Payors**"); (iii) customers that were dissolved or encountered financial difficulties making payment through their authorized payors (with authorization letters from such customers) ("**Dissolved Customers' Payors**"); (iv) individual affiliates (such as the customers' employees, owners or legal representatives) making payments on behalf of the customers ("**Individual Affiliate Payors**"); (v) an independent third party that was authorized by a customer through authorization letter to settle payment to us ("**Authorized Third-Party Payor**"); and (vi) payments made through AliPay and WeChat Pay ("**Third Party Payment Platform Payors**").

In 2022, 2023 and 2024, we estimated to the best of our knowledge that approximately 334, 384 and 316 customers used Third-Party Payment Arrangements for settlement, respectively ("**Relevant Customers**"). The estimated revenue contribution associated with Third-Party Payment Arrangements amounted to approximately RMB28.6 million, RMB8.6 million and RMB19.6 million, for the years ended December 31, 2022, 2023 and 2024 respectively, representing 3.5%, 0.9% and 2.13% of our total revenue in each period, respectively. The revenue contribution was estimated based on the transaction amount involving Third-Party Payment Arrangements during the Track Record Period. We made the following key assumptions for the estimation: (i) the revenue in relation to a certain payment made in a period was all recognized in the same period; and (ii) on a conservative basis, if a customer made a Third-Party Payment in a certain period, all revenue generated from this customer would be assumed to be under Third-Party Payment Arrangements, and capped at the transaction amount under Third-Party Payment Arrangements in the same period, unless the revenue contribution arising out of the Third-Party Payment Arrangements is clearly separable from other revenue contribution.

BUSINESS

The following table sets forth the respective number of Relevant Customers by category for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Common Control Payors	4	2	3
Treasury Payors	1	2	2
Dissolved Customers' Payors	–	–	1
Individual Affiliate Payors	68	60	32
Authorized Third-Party Payor	8	12	8
Third Party Payment Platform Payors	<u>253</u>	<u>308</u>	<u>281</u>
Total	<u>334</u>	<u>384</u>	<u>327</u>

The following table sets forth the respective estimated revenue contribution of Relevant Customers by category for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Common Control Payors	20,843	3,149	1,119
Treasury Payors	3,023	851	275
Dissolved Customers' Payors	–	–	11,913
Individual Affiliate Payors	1,290	407	146
Authorized Third-Party Payor	29	51	3,762
Third Party Payment Platform Payors	<u>3,376</u>	<u>4,183</u>	<u>2,415</u>
Total	<u>28,560</u>	<u>8,641</u>	<u>19,630</u>

In 2021, we engaged with one corporate customer, categorized as a Dissolved Customers' Payors, which purchased our CPaaS services. This corporate customer was dissolved before settling the outstanding amount owed to us. As of the Latest Practicable Date, a company controlled by the same legal representative of this 2021 Dissolved Customers' Payor has fully settled the outstanding amount incurred and no outstanding balance remains for this corporate customer.

BUSINESS

In 2024, we encountered a situation involving a corporate customer categorized under Dissolved Customers' Payors who settled payment to us through Third Party Payment Arrangement. This customer had consumed our CPaaS services entered throughout the Track Record Period, but was later dissolved before settling the outstanding balance. After discussions, the 2024 Dissolved Customers' Payor designated its affiliated company to settle the balance in full. As a result, there is no longer any outstanding balance with this Dissolved Customers' Payor for 2024.

According to F&S, it is a common and reasonable business practice in China for large corporate enterprises to designate other affiliated companies within their group to make payments in the normal course of business. According to F&S, public sector customers who have no paying authorization or capabilities are required to pay through designated treasury centers. To our best information, (i) customers that settle payment through Common Control Payors are required by their internal financial policies to do so; (ii) public sector customers who used Treasury Payors to settle payment did not have paying authorization or capabilities and could only effect payment centrally through Treasury Payors; (iii) dissolved customers were unable to pay us through their own bank accounts and could only pay us through Dissolved Customers' Payors with authorization letter. As we could not transact with or receive payment from these customers unless we continue to accept payments arrangements through Common Control Payors, Treasury Payors, Dissolved Customers' Payors, we will continue to accept such payment arrangements under the enhanced internal control measures set out below.

As of the Latest Practicable Date, we ceased to accept customer payments through Individual Affiliate Payors, Authorized Third-Party Payor or Third-Party Payment Platform Payors (collectively, **"Discontinuing Third-Party Payment Arrangements"**). In 2022, 2023 and 2024, Discontinuing Third-Party Payment Arrangements contributed 0.6%, 0.5% and 0.6% of our total revenue, respectively. On such basis, our Directors believe the cessation to accept Discontinuing Third-Party Payment Arrangements will not have any material adverse effect on our business, results of operations or financial position.

As of the Latest Practicable Date, we have also strengthened our internal control measures for Third-Party Payment Arrangements. We made it clear for our employees that except for Common Control Payors and Treasury Payors, other types of Third-Party Payment Arrangements are prohibited unless approval is acquired. Our business personnel are responsible for checking the details of customers and payors to ensure no Third-Party Payment Arrangements occurred. For cases which require approval, we will acquire an authorization letter from the customer who was the signing party to our contract. The authorization letter should generally include information about the authorized third-party payor, account information, and reasons for authorizing the third-party payor to make payment on behalf of the customer.

We have ceased the Discontinuing Third-Party Payment Arrangements since July 2024. All Individual Affiliate Payors have used their respective customer corporate accounts to make their payments. For Third Party Payment Platform Payors, we have requested all payments under this category to be made directly from respective customers' corporate bank accounts. As of the Latest Practicable Date after the cessation, four customers paid us via Alipay in total of

RMB10,150 due to omission of cancelling an Alipay channel in one app. We have closed the channel. For Individual Affiliate Payors, two companies appointed their respective legal representatives to pay us in total of RMB10,200 as their corporate account is not able to be used. Save for the above, we have not encountered any incidents which is incompliant with our internal policies of the Third-Party Payment Arrangements. As of the Latest Practicable Date, we did not know or foresee any material loss of revenue due to Discontinuing Third-Party Payment Arrangements.

Our PRC Legal Advisors are of the view that the Third-Party Payment Arrangements during the Track Record Period did not constitute material non-compliance under the applicable PRC laws on the following basis:

- (i) the Third-Party Payment Arrangements were not in breach of the mandatory provisions of the PRC civil law and other applicable laws or regulations in China and we have not been subjected to any administrative penalty of taxation due to the Third-Party Payment Arrangements during the Track Record Period;
- (ii) During the payment process, we provide our customers with details of the payment channel for settlement. In cases where we receive a payment but the payor's details do not match the name of our customer, we will contact our customers to confirm that the payment is relevant to the invoice we issued to them and to understand the reasons for using a third-party payor to settle the invoice. Therefore, it is unlikely that such payment is intended for another account other than our Company's. During the Track Record Period, to the best of our knowledge, we are not aware of any dispute between our customers and third-party payments providers arising out of the Third-Party Payment Arrangements; and
- (iii) We are not a financial institution or a specified non-financial institution subject to anti-money laundering obligations under the PRC laws and regulations. This means that we are not subject to the stringent obligations imposed on such institutions and have no obligation in law to ascertain the origin of funds in third-party payment arrangements. We have not been subjected to any administrative penalties due to money laundering issues related to the Third-Party Payment Arrangements during the Track Record Period.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Upon the Listing, our Board of Directors consists of eight Directors, being five executive Directors and three independent non-executive Directors. Our Directors are elected for a term of three years and are subject to re-election.

The powers and duties of our Board of Directors include convening general meetings and reporting our Board's work at general meetings, implementing the resolutions passed at general meetings, determining our business and investment plans, formulating proposals for dividend distributions and for the increase or reduction of our authorised share capital as well as exercising other powers, functions and duties as conferred by our Articles of Association.

Members of Our Board

The following table sets forth certain information in relation to members of our Board:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of appointment as a Director</u>	<u>Date of joining our Group</u>	<u>Major roles and duties</u>
Mr. Piao Shenggen (樸聖根)	54	Executive Director, chairman of the Board, chief executive officer, and general manager	August 2014	November 2008	Responsible for the overall management and strategy of our Group
Mr. Wang Peide (王培德)	43	Executive Director	January 2018	March 2009	Responsible for the development and management of the PaaS business of our Group
Mr. Yue Duanpu (岳端普)	51	Executive Director and deputy general manager	August 2014	November 2008	Responsible for management and operation and project-based communications solutions business of our Group
Mr. Zhang Zhishan (張治山)	54	Executive Director	September 2020	February 2017	Responsible for operation management of the SaaS business of our Group

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of appointment as a Director	Date of joining our Group	Major roles and duties
Ms. Chen Jing (陳晶)	40	Executive Director	June 2024	February 2022	Responsible for internal financial audit of our Group
Mr. Sun Qiang (孫強)	55	Independent non-executive Director	September 2023	September 2023	Responsible for participating in making major decisions of our Company, and advising on issues relating to corporate governance, audit and remuneration and assessment
Mr. Xiang Ligang (項立剛)	61	Independent non-executive Director	September 2020	September 2020	Responsible for participating in making major decisions of our Company, and advising on issues relating to corporate governance, strategies, audit, nomination and remuneration and assessment
Mr. Su Zile (蘇子樂)	50	Independent non-executive Director	September 2023	September 2023	Responsible for participating in making major decisions of our Company, and advising on issues relating to corporate governance, audit, nomination and remuneration and assessment

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Piao Shenggen (樸聖根), aged 54, is the chairman of the Board and the general manager of our Company. He was appointed as a Director in August 2014 and re-designated as an executive Director in June 2024. Mr. Piao is primarily responsible for the overall management and strategy of our Company. Mr. Piao is also the chairman of our Strategic Committee and a member of our Nomination Committee. He also serves in various roles in our subsidiaries, including (i) the executive director of Yunxun Science and Technology since June 2023, (ii) the supervisor of Jiangsu Huashao since April 2019, (iii) the supervisor of Sichuan Yuyu since February 2019, (iv) the supervisor of Jiangsu Shaoyan since February 2019, (v) the supervisor of Shanghai Halouwei Information Technology Co., Ltd. (上海哈嘸喂信息科技有限公司) (formerly known as Jiangsu Halouwei Information Technology Co., Ltd. (江蘇哈嘸喂信息科技有限公司)) since April 2019, and (vi) the supervisor of Jiangsu Hongluo since April 2019.

Mr. Piao has over 25 years of experience in the information technology industry. Prior to founding our Company, from February 1998 to November 1999, he served in Beijing Sina Information Technology Co., Ltd. (北京新浪信息技術有限公司) (former known as Beijing Stone Richsight Information Technology. Co., Ltd. (北京四通利方信息技術有限公司)) where he served as a manager in the sales department and was primarily responsible for the sale of products and services. From December 1999 to April 2004, he served in Jiada Mingtai (Beijing) Information Technology Co., Ltd. (交大銘泰(北京)信息技術有限公司) as the vice president and was primarily responsible for marketing and operational management. From April 2004 to September 2007, he served in Shengshi Changjie Information Technology (Beijing) Co., Ltd. (盛世長捷信息技術(北京)有限公司) as the chairman of the board. From March 2018 to July 2023, he served as the executive director and manager in Zunyi Dike Data Consulting Co., Ltd. (遵義迪科數據諮詢有限公司) (formerly known as Beijing Dike Data Consulting Co., Ltd. (北京迪科數據諮詢有限公司)). From June 2022 to August 2022, he served as executive director and manager in Beijing Xunzhong IOT Information Technology Co., Ltd. (北京訊眾物聯信息技術有限公司) which was a subsidiary of our Company and has now dissolved.

Mr. Piao was recognized as an “influential man” (風雲人物) of 2015 by China Software Conference (中國軟體大會) and was recognized as a distinguished chairman of the board of directors (傑出董事長) by wabei.cn (挖貝新三板) in 2016.

Mr. Piao obtained a bachelor’s degree in vehicle engineering from China Agricultural University (中國農業大學) in July 1995 and a master’s degree in business administration from Tsinghua University (清華大學) in June 2012. Mr. Piao was a certified senior economist by Special Committee for Title Evaluation of Academic Committee of Beijing Academy of Applied Sciences (北京市應用科學研究院學術委員會職稱評審專門委員會) since June 1999.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Piao was a director or a manager of the following companies incorporated in the PRC or Hong Kong when they were dissolved due to cessation of business, with details as follows:

Company	Position	Place of incorporation	Principal business activity immediately before dissolution	Date of dissolution	Means of dissolution
Beijing Xunzhong IOT Information Technology Co. Ltd. (北京訊眾物聯信息技術有限公司)	Executive director and manager	PRC	Technology promotion services and software and hardware services	August 24, 2022	Dissolved by deregistration
Beijing Lingxiang Century Township Enterprise Economic Development Research Center (北京凌翔世紀鄉鎮企業經濟發展研究中心)	General manager	PRC	Development and transfer of technologies; technical consulting and services	August 11, 2005	Dissolved by deregistration
CommChina Hong Kong Limited . . .	Director	Hong Kong	Software and internet business sales	August 28, 2015	Dissolved by deregistration

Mr. Piao confirmed that (i) the above companies were solvent immediately prior to their dissolutions; (ii) there was no wrongful act on his part leading to the dissolutions of the above companies and was not aware of any actual or potential claim that had been or would be made against him as a result of the dissolutions; and (iii) no misconduct or misfeasance had been involved in the dissolution of the above companies.

Mr. Wang Peide (王培德), aged 43, joined our Group in March 2009. He was appointed as a Director in January 2018, and re-designated as an executive Director in June 2024. Mr. Wang is primarily responsible for the development and management of the PaaS business our Group. Mr. Wang is also a member of our Strategic Committee. He also serves as the general manager of Yunxun Science and Technology since June 2017.

Mr. Wang has over 16 years of experience in the information technology industry. Prior to joining our Company, from July 2005 to March 2007, he worked as a channel business officer at Beijing Interconnect Time and Space Network Technology Co., Ltd. (北京互聯時空網絡技術有限公司) and was primarily responsible for the development of online search platform advertising agency network. From March 2007 to November 2008, he served a marketing manager in Tianxia Internet (Beijing) Technology Co., Ltd (天下互聯(北京)科技有限公司) and was primarily responsible for business development.

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Mr. Wang obtained an associate's degree in business administration from Beijing Jinghai Institute of Advanced Study (北京京海研修學院) in July 2006 and a bachelor's degree in professional management in e-commerce from Beijing Open University in November 2021.

Mr. Yue Duanpu (岳端普), aged 51, joined our Group in November 2008. He was re-designated as an executive Director in June 2024. Mr. Yue is primarily responsible for management and operation, and project-based communications solutions business. He also serves various roles in our Group, including (i) the supervisor of Yunxun Science and Technology since September 2011, (ii) the supervisor of Zunyi Dike Data Consulting Co., Ltd. (遵義迪科數據諮詢有限公司) (formerly known as Beijing Dike Data Consulting Co., Ltd. (北京迪科數據諮詢有限公司)) since March 2018, (iii) the director and general manager of Sichuan Xunzhong since April 2022, and (iv) the director and general manager of Sichuan Xuntong since May 2023.

Mr. Yue has over 25 years of experience in information technology industry. Prior to joining our Company, from February 1998 to March 2001, he served as the deputy general manager in Xi'an Juxing Network Engineering Co., Ltd. (西安聚興網絡工程有限公司) and was responsible for project management. From March 2001 to January 2005, he served as the sales director in Shanxi Branch of China United Network Communications Group Co., Ltd. (中國聯合網絡通信集團有限公司陝西省分公司) (formerly known as Shanxi Branch of China United Telecommunications Co., Ltd. (中國聯合通信有限公司陝西分公司)) and was responsible for project assessment and department management. From February 2005 to February 2006, he served as the deputy general manager in Xi'an Yasen Telecom Co., Ltd. (西安亞森通信股份有限公司) and was responsible for project assessment and company management. From February 2006 to February 2007, he served as the general manager in Beijing Yasen Aite Communication Technology Co., Ltd. (北京亞森艾特通信科技有限公司) and was primarily responsible for personnel assessment and company management. From February 2007 to April 2007, he served as general manager in Beijing Dingyan Navigation Technology Development Co., Ltd. (北京鼎言領航科技發展有限公司) and was primarily responsible for department assessment and the strategy and management of company. From April 2007 to October 2008, he served as the deputy general manager in Yuante (Beijing) Communication Technology Co., Ltd and was responsible for operator business of the telecom cooperation department (電信合作部). From November 2017 to April 2023, he served as a legal representative in Shanghai Dingshu. From April 2019 to July 2023, he served as legal representative in Halouwei. From April 2019 to September 2022, he served as legal representative in Jiangsu Hongluo.

Mr. Yue obtained a bachelor's degree in communication engineering from Xi'an University of Posts and Telecommunications (西安郵電大學) in July 1997.

Mr. Zhang Zhishan (張治山), aged 54, joined our Group in February 2017. He was appointed as a Director in September 2020, and re-designated as an executive Director in June 2024. Mr. Zhang is primarily responsible for operation management of the SaaS business of our Group. He also serves in various roles in our Group, including (i) the director and general manager of Zhongmai Communication since May 2017, and (ii) the chairman of the board of directors of Huali Daxing since May 2018.

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Mr. Zhang has over 17 years of experience in information technology industry. Prior to joining our Company, from July 2007 to December 2011, he worked in Beijing Yinglixun Technology Co., Ltd. (北京英立訊科技有限公司). From July 2012 to February 2017, he worked in Beijing Xinfangxin Communication Technology Co., Ltd. (北京新方通信技術有限公司).

Mr. Zhang obtained a bachelor's degree in metal pressure processing from University of Science and Technology Beijing (北京科技大學) in June 1997.

Mr. Zhang was a manager of the following company incorporated in the PRC when it was dissolved due to revocation of business license, with details as follows:

Company	Position	Place of incorporation	Principal business activity immediately before dissolution	Date of dissolution	Means of dissolution
Beijing Yuanjing Zongheng Science and Trade Center (北京遠景縱橫科貿中心)	General manager	PRC	Technology promotion services	November 25, 2005	Revocation of business license

Mr. Zhang confirmed that (i) the above company was solvent immediately prior to its dissolution; (ii) there was no wrongful act on his part leading to the dissolution of the above company and was not aware of any actual or potential claim that had been or would be made against him as a result of the dissolution; and (iii) no misconduct or misfeasance had been involved in the dissolution of the above company.

Ms. Chen Jing (陳晶), aged 40, joined our Group in February 2022 and was appointed as an executive Director in June 2024. Ms. Chen is primarily responsible for internal financial audit of our Group.

Ms. Chen has over 15 years of experience in the accounting and finance industry. Prior to joining our Company, from November 2007 to November 2015, she served in SHINEWING Certified Public Accountants (信永中和會計師事務所) and was primarily responsible for audit. From February 2017 to September 2018, she served in Beijing Wojiahui Technology Co. (formerly known as Yangshu Hengkang Investment (Beijing) Co. 北京禾嘉慧科技有限公司(曾用名: 楊樹恒康投資(北京)有限公司). From April 2019 to December 2020, she served as the investment director in Kingland Technology Co., Ltd. (京藍科技股份有限公司) and was primarily responsible for investment and financing management. From December 2020 to February 2022, she served as the investment director in Beijing Dongfang Huagai Equity Investment Co., Ltd. (東方華蓋股權投資管理(北京)有限公司) and was primarily responsible for investment and acquisition.

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Ms. Chen obtained a bachelor's degree in financial management from Tianjin University of Finance and Economics (天津財經大學) in June 2007, and a master's degree in business administration from Shanghai Jiao Tong University (上海交通大學) in June 2023. Ms. Chen was a certified intermediate accountant by Tianjin Title Work Office (天津市職稱工作辦公室) since October 2013.

Independent Non-executive Directors

Mr. Sun Qiang (孫強), aged 55, was appointed as an independent Director in September 2023, and re-designated as an independent non-executive Director in June 2024. Mr. Sun is primarily responsible for participating in making major decisions of our Company, and advising on issues relating to corporate governance, audit and remuneration and assessment. Mr. Sun is also the chairman of our Audit Committee and a member of our Remuneration and Assessment Committee.

Mr. Sun has over 20 years of experience in the accounting industry. Since November 2004, he served as a managing partner in Henan Huashen United Accounting Firm (General Partnership) (河南華審聯合會計師事務所(普通合夥)).

Mr. Sun is an external expert of the Department of Finance, Science and Technology Department and local Monetary Administration Bureau of Henan Province. Mr. Sun is also a member of the internal review committee for NEEQ of Central China Securities Co., Ltd. (中原證券股份有限公司), and a director of Henan Institute of Certified Public Accountants and a member of its disciplinary committee.

Mr. Sun obtained a bachelor's degree in audit (accounting) from Wuhan University (武漢大學) in July 1995. Mr. Sun was a certified public accountant by Ministry of Finance of the PRC since July 1999, a certified tax agent by State Administration of Taxation of the PRC since June 1999, and a senior accountant by Henan Provincial Accounting Series Certified Public Accountant Deputy Senior Title Assessment and Recognition Committee (河南省會計系列註冊會計師副高級職稱考核認定委員會) since December 2020.

Mr. Xiang Ligang (項立剛), aged 61, was appointed as an independent Director in September 2020, and re-designated as an independent non-executive Director in June 2024. Mr. Xiang is primarily responsible for participating in making major decisions of our Company, and advising on issues relating to corporate governance, strategies, audit, nomination and remuneration and assessment. Mr. Xiang is also the chairman of our Remuneration and Assessment Committee and a member of our Strategic Committee, Audit Committee and Nomination Committee.

From August 2007 to March 2014, he served the executive director in Beijing Feixiang Interactive Culture Media Co., Ltd. (北京飛象互動文化傳媒有限公司). From November 2016 to January 2021, he served as a director in Sunsea AIoT Technology Co., Ltd. (日海智慧科技

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股份有限公司). From December 2016 to August 2018, he served as a director in Wostore Technology Co., Ltd. (小沃科技有限公司). He is currently serving as the chairman of the board of directors in Qierling (Beijing) Health Technology Co., Ltd. (柒貳零(北京)健康科技有限公司).

Mr. Xiang obtained a master's degree in literature and art from Renmin University of China (中國人民大學) in July 1993.

Mr. Xiang was a director or a manager of the following companies incorporated in the PRC when they were dissolved due to cessation of business, with details as follows:

Company	Position	Place of incorporation	Principal business activity immediately before dissolution	Date of dissolution	Means of dissolution
Beijing Feixiang Interactive Public Relations Consulting Co. Ltd. (北京飛象互動公關諮詢有限公司) . . .	Executive director and general manager	PRC	Business consultation and service	September 6, 2012	Dissolved by deregistration
Jiangsu Feixiang Technology Co., Ltd. (江蘇飛象科技有限公司) . . .	General manager	PRC	Software development and technology promotion services	October 24, 2017	Dissolved by deregistration

Mr. Xiang confirmed that (i) the above companies were solvent immediately prior to their dissolutions; (ii) there was no wrongful act on his part leading to the dissolutions of the above companies and was not aware of any actual or potential claim that had been or would be made against him as a result of the dissolutions; and (iii) no misconduct or misfeasance had been involved in the dissolutions of the above companies.

Mr. Su Zile (蘇子樂), aged 50, was appointed as an independent Director in September 2023, and re-designated as an independent non-executive Director in June 2024. Mr. Su is primarily responsible for participating in making major decisions of our Company, and advising on issues relating to corporate governance, audit, nomination and remuneration and assessment. Mr. Su is also the chairman of our Nomination Committee and a member of our Audit Committee and our Remuneration and Assessment Committee.

From July 1998 to July 2004, he served as an auditor assistant in Henan Hongxun Accountant Office Co., Ltd. (河南鴻訊會計師事務所有限公司). From July 2007 to September 2008, he served as an investment banking manager in Tebon Securities Inc. (德邦證券股份有限公司) (formerly known as Tebon Securities Co., Ltd. (德邦證券有限責任公司)). From October 2008 to August 2015, he served as associate in Beijing Jianming Law Firm (北京簡明律師事務所). From May 2014 to June 2016, he served as an independent non-executive

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

director in Luohe Letone Hydraulics Technology Co., Ltd. (漯河利通液壓科技股份有限公司). He is currently serving as an executive director in Sanshitai Information Technology (Xuzhou) Co., Ltd. (三士泰信息科技(徐州)有限公司). Since January 2019, he served as associate in Beijing Fazhao Law Firm (北京法壘律師事務所). Since October 2020, he served as a supervisor in Beijing Fenghua Yisheng Consulting Management Co., Ltd. (北京豐華昇升諮詢管理有限公司).

Mr. Su obtained a bachelor's degree taught by correspondence (函授本科) from the Correspondence College of Party School of the Central Committee of the Communist Party of China (中共中央黨校函授學院) in December 1999, and a master's degree in law from Lanzhou University (蘭州大學) in June 2007. Mr. Su was a certified securities practitioner by Securities Association of China (中國證券業協會) since September 2005, a certified legal Practitioner by Ministry of Justice of the PRC since April 2000 and a certified senior compliance officer by China Enterprise Evaluation Association (中國企業評價協會) since May 2023.

SUPERVISORS

Our Supervisory Committee consists of three Supervisors, including one Supervisor representing employees and two Supervisors representing Shareholders. Our Supervisors are elected for a term of three years, subject to re-election upon their retirement and resignation. The functions and duties of our Supervisory Committee include supervising the operating and financial activities and management of the Company.

The following table sets forth certain information regarding our Supervisors:

Name	Age	Position	Date of appointment as Supervisor	Date of joining our Group	Major roles and duties
Ms. Jiang Hongyan (蔣紅艷)	40	Chairlady of the Supervisory Committee and Supervisor	August 2014	November 2008	Presiding over the work of our Supervisory Committee and supervising the operating and financial activities of our Company, and the performance of our Directors and members of our senior management

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Name	Age	Position	Date of appointment as Supervisor	Date of joining our Group	Major roles and duties
Mr. Guo Dawei (郭大偉)	40	Supervisor	September 2020	July 2011	Supervising the operating and financial activities of our Company, and the performance of our Directors and members of our senior management
Mr. Zhang Wen (張文)	39	Supervisor	August 2014	March 2009	Supervising the operating and financial activities of our Company, and the performance of our Directors and members of our senior management on behalf of the employees

Ms. Jiang Hongyan (蔣紅艷), aged 40, joined our Group in November 2008 and was appointed as our Supervisor and the chairlady of our Supervisory Committee in August 2014 and April 2018 respectively. She is mainly responsible for presiding over the work of our Supervisory Committee and supervising the operating and financial activities of our Company, and the performance of our Directors and members of our senior management.

Prior to joining our Company, from February 2006 to November 2008, she worked in Yuante (Beijing) Communication Technology Co., Ltd. (遠特(北京)通信技術有限公司).

Ms. Jiang graduated as an undergraduate from Wuhan University (武漢大學) with a major in administrative management in December 2017.

Mr. Guo Dawei (郭大偉), aged 40, joined our Group in July 2011 and was appointed as our Supervisor in September 2020. He is mainly responsible for supervising the operating and financial activities of our Company, and the performance of our Directors and members of our senior management.

Prior to joining our Group, from September 2009 to June 2011, he served as a supervisor in Beijing Hongdake Refrigeration Technology Co., Ltd. (北京弘達科製冷技術有限公司) (formerly known as Tianbigao (Beijing) Advertising Media Co., Ltd (天比高(北京)廣告傳媒有限公司)).

Mr. Guo graduated as an undergraduate from the University of Electronic Science and Technology of China major in business administration in January 2023.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Wen (張文), aged 39, joined our Group in March 2009 and was appointed as our Supervisor in August 2014. He is primarily responsible for supervising the operating and financial activities of our Company, and the performance of our Directors and members of our senior management on behalf of the employees.

Prior to joining our Group, from June 2008 to January 2009, he served as a software engineer in Yuantel (Beijing) Communication Technology Co., Ltd. (遠特(北京)通信技術有限公司)).

Mr. Zhang obtained an associate's degree in computer software developing from Hunan Vocational College of Science and Technology (湖南科技職業學院) in 2004, and a bachelor's degree in social work and management from Jilin University (吉林大學) in December 2020.

SENIOR MANAGEMENT

The following table sets forth certain information regarding our senior management. For information concerning our senior management who also serve as our executive Directors, see “— Board of Directors — Executive Directors” above.

Name	Age	Position	Date of appointment as senior management	Date of joining our Group	Major roles and duties
Mr. Piao Shenggen (樸聖根)	54	Executive Director, chairman of the Board and general manager	August 2014	November 2008	Responsible for the overall management, strategy of our Group
Mr. Yue Duanpu (岳端普)	51	Executive Director and deputy general manager	August 2014	November 2008	Responsible for management and operations, and project-based communications solutions business of our Group
Ms. Hu Jun (胡軍)	52	Chief financial officer and secretary to the Board	August 2014	April 2009	Responsible for works of finance department and information disclosure of our Group

Mr. Piao Shenggen (樸聖根), see “Board of Directors — Executive Directors” for details.

Mr. Yue Duanpu (岳端普), see “Board of Directors — Executive Directors” for details.

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Ms. Hu Jun (胡軍), aged 52, joined our Group in April 2009 and is the chief financial officer and secretary to the Board of our Company. Ms. Hu has over 15 years of experience in handling works of finance department. She also successively serves in various roles in our Group, including (i) the supervisor of Jishihui since June 2017, and (ii) the supervisor of Zhongmai Communication since February 2017.

Prior to joining our Company, from December 1992 to October 2001, she served an accountant-in-chief in Changchun Machinery & Chemical Minmetals Import & Export Company (長春市機械化工五礦進出口公司) and was responsible for financial accounting. From October 2001 to August 2004, she served as a finance manager in Changchun Liangyi Trade Co., Ltd. (長春市兩儀貿易有限公司) and was responsible for management of financial department. From August 2004 to August 2007, she served as a financial manager in Changchun Plusone Health Food Co., Ltd. (長春加一健康食品有限公司) (formerly known as Changchun Litian Food Co., Ltd (長春栗田食品有限公司)) and was responsible for management of financial department.

Ms. Hu obtained an associate's degree in financial accounting from Jilin College of Finance and Taxation (吉林財稅專科學校) in August 1992. Ms. Hu was a certified intermediate accountant by Ministry of Finance of the PRC since May 1999.

OTHER INFORMATION

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in July 9, 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Except as disclosed above, each of our Directors, Supervisors and members of senior management has not been a director of any public company whose securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Except as disclosed in the paragraph headed “C. Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Particulars of Directors’ and Supervisors’ Service Contracts and Appointment Letters” in Appendix VI in this prospectus, he/she does not have any existing or proposed service contract with our Company other than contracts expiring or determinable by the relevant member of our Company within one year without payment of compensation (other than statutory compensation);

Except as disclosed in the paragraph headed “C. Further Information about Our Directors, Supervisors and Substantial Shareholders — 3. Disclosure of interests” in Appendix VI in this prospectus and above, he/she has no interest in the Shares within the meaning of Part XV of the SFO;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Except as disclosed in this section, each of our Directors, Supervisors and members of senior management did not complete his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

None of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

Other than being a Director, Supervisor and member of the senior management, none of our Directors, Supervisors and members of the senior management is related to other Directors, Supervisors and members of the senior management.

Except as disclosed above, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of the Shareholders, and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matters are required to be brought to the attention of Shareholders as of the Latest Practicable Date.

Each of our Supervisors confirms that he does not hold and has not held any other positions in our Company and any other members of our Company as of the Latest Practicable Date.

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

KINSHIP

There is no family or blood relationship among any of our Directors, Supervisors and the senior management of our Company.

JOINT COMPANY SECRETARIES

Ms. Hu Jun (胡軍), is our secretary to the Board and was appointed as our joint company secretary in June 2024, taking effect upon the Listing Date. For further biographic details of Ms. Hu, see “— Senior Management” in this section.

Ms. Au Wing Sze (區詠詩), was appointed as our joint company secretary of the Company on June 19, 2025. She is a manager of the listing services department of TMF Hong Kong Limited, responsible for providing corporate secretarial and compliance services to listed companies. She has over 11 years of experience in the corporate secretarial field. Ms. Au is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered

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Governance Institute in the United Kingdom. She holds a master of corporate governance from Hong Kong Metropolitan University. Ms. Au is not an employee of our Company but will coordinate with Ms. Hu, our other joint company secretary, in discharging their duties as the joint company secretaries of our Company.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since the principal business operations of our Company are conducted in the PRC, members of our senior management are, and are expected to continue to be, based in the PRC. Further, as our executive Directors have vital roles in our Company's operations, it is crucial for our executive Directors to remain in close proximity to our Company's central management located in the PRC. Our Company does not and, for the foreseeable future, will not have sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules. For more details, see "Waivers from Strict Compliance with the Listing Rules — Management Presence in Hong Kong".

BOARD COMMITTEES

Our Company has established four board committees, namely the Audit Committee, the Remuneration and Assessment committee, the Nomination Committee and the Strategic Committee, in accordance with the relevant PRC laws and regulations and corporate governance practices under the Listing Rules.

Audit Committee

Our Audit Committee consists of three Directors, including Mr. Sun Qiang, Mr. Xiang Ligang and Mr. Su Zile. The chairperson of our Audit Committee is Mr. Sun Qiang, who is our independent non-executive Director with appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The written terms of reference of the Audit Committee is in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary responsibilities of our Audit Committee are to review and monitor our financial reporting procedures, including (among other things):

- monitoring and evaluating our external audit;
- directing and monitoring our internal audit, and coordinating the communication between our management, the internal auditor and the external auditor;
- reviewing financial information of the Company and its disclosure;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- monitoring and considering the adequacy of our internal control, financial reporting and risk management systems;
- confirming the list of affiliated persons, and reviewing our Company's major related-party transactions and major investment activities such as acquisition and merger; and
- other responsibilities authorized by the Board or required under the relevant laws and regulations.

Remuneration and Assessment Committee

Our Remuneration and Assessment Committee consists of three Directors, including Mr. Xiang Ligang, Mr. Sun Qiang and Mr. Su Zile. Mr. Xiang Ligang is the chairman of our Remuneration and Assessment Committee. The written terms of reference of the Remuneration and Assessment Committee is in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary responsibilities of our Remuneration and Assessment Committee include (among other things):

- to formulate remuneration plans for Directors, Supervisors and members of the senior management in accordance with the terms of reference of the responsibilities and the importance of their positions as well as the remuneration benchmarks for the relevant positions in the other comparable companies;
- to make recommendations to the Board on our Company's policy and structure for all Directors', Supervisors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- to examine the performance of Directors, Supervisors and the senior management of our Company, conduct annual performance evaluation on Directors, Supervisors and the senior management of our Company;
- to oversee the implementation of remuneration system of our Company;
- to make recommendations to the Board on the remuneration of non-executive Directors, and certain executive Directors, Supervisors and senior management;
- to formulate or alternate equity incentive plans or employee stock plans of our Company; and
- to consider and implement other matters authorized by the Board or required under the relevant laws and regulations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Nomination Committee

Our Nomination Committee consists of three Directors, including Mr. Su Zile, Mr. Xiang Ligang and Mr. Piao Shenggen. Mr. Su Zile is the chairman of our Nomination Committee. The written terms of reference of the Nomination Committee is in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary responsibilities of our Nomination Committee include (among other things):

- to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board on an annual basis and make recommendations on any proposed changes to the Board to complement our Company's corporate strategy;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to assess the independence of independent non-executive Directors;
- to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors; and
- to consider and implement other matters authorized by the Board or required under the relevant laws and regulations.

Strategic Committee

Our Company has established a strategic committee with written terms of reference. The Strategic Committee of our Company consists of three Directors, including Mr. Piao Shenggen, Mr. Wang Peide and Mr. Xiang Ligang. Mr. Piao Shenggen is the chairman of our Strategic Committee. The primary responsibilities of our Strategic Committee are to consider and make recommendations to the Board in relation to our Company's long-term development strategies and major capital operation decisions, including (among other things):

- considering and making recommendations to the Board on the Company's long-term development strategies, major investment and financing plans, major capital operation and asset operation, and other major issues affecting the development of the Company;
- inspection of the implementation of the above matters; and
- other responsibilities authorized by the Board.

BOARD DIVERSITY POLICY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We have adopted the board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the overall management, strategic development, accounting, corporate finance and information technology. They obtained degrees in various areas including vehicle engineering, business administration, communication engineering, accounting, finance, literature and art, and law. Our Board Diversity Policy is well implemented as evidenced by the fact that there are Directors ranging from 40 years old to 60 years old with experience from different industries, sectors and genders.

We will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. We will encourage our incumbent Board members to recommend female candidate directors and take other actions to help achieve greater board diversity, for example inviting some of our outstanding female staff at mid to senior level to attend and observe Board meeting. This will allow our Board to understand more about these potential female candidates before they are nominated to our Board and provide opportunities for potential female candidates to prepare themselves for director duties. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff including but not limited to business operation, management, accounting and finance, legal and compliance. As such, we are of the view that our Board will be offered chances to identify competent female staff at mid to senior level to be nominated as a Director in future with a pipeline of female candidates.

We are committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

Upon Listing, our Board comprises seven male members and one female member. Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the Listing, our Nomination Committee will review the Board composition at least once annually taking into account the benefits of all relevant diversity aspects, and adhering to the Board Diversity Policy when making recommendation to the Board on appointment of new

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors. Our Nomination Committee will also review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness. We will disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

CORPORATE GOVERNANCE

We aim to achieve high standards of corporate governance which are crucial to our development and the safeguard of the interests of our Shareholders. Pursuant to provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual.

Mr. Piao is serving as the chairman of the Board as well as the chief executive officer of our Company. As Mr. Piao has been managing our Group's business and overall strategic planning since its establishment, our Directors consider that vesting the roles of chairman and chief executive officer in Mr. Piao is beneficial to the business prospects and management of our Group by ensuring consistent leadership within our Group. Taking into account all the corporate governance measures that we are going to implement upon the Listing, our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Accordingly, our Company had not segregated the roles of its chairman and chief executive officer. Our Board will continue to review the effectiveness of the corporate governance structure of our Company in order to assess whether separation of the roles of chairman of our Board and chief executive officer is necessary.

Save as disclosed above, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the Listing.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The compensation and remuneration of our Directors and Supervisors are determined by our Shareholders' general meetings and the compensation and remuneration of members of the senior management are determined by the Board of Directors. Our Board will receive recommendation from our Remuneration and Assessment Committee which will take into account among others the salaries paid by comparable companies and responsibilities of our Directors, Supervisors and senior management. We also reimburse them for expenses which are necessary and reasonably incurred in providing services to us or discharging their duties in relation to our operations. When reviewing and determining the specific remuneration packages for our Directors, Supervisors and members of the senior management, our Shareholders' general meetings and the Board of Directors take into consideration factors such as salaries paid by comparable companies, time commitment, level of responsibilities and desirability of performance-based remuneration. As required by PRC laws and regulations, we

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also participate in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for our employees, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance, housing provident fund.

Our Company offers our executive Directors, Supervisors and senior management members, who are also our employees, compensation in the form of salaries, allowances and benefits in kind, performance related bonuses and pension scheme contributions. Our independent non-executive Directors receive emolument based on their respective duties and responsibilities (including being members or chairperson of Board committees).

The aggregate amount of remuneration paid or payable by us to our Directors and Supervisors for the three years ended December 31, 2022, 2023, and 2024 were approximately RMB5.84 million, RMB7.52 million, and RMB6.66 million, respectively. None of our Directors and Supervisors had waived or agreed to waive any remuneration during the Track Record Period. Saved as disclosed above, no other payments have been paid or are payable by our Company to our Directors and Supervisors during the Track Record Period.

The aggregate amounts of remuneration paid or payable by us to our five highest paid individuals for the three years ended December 31, 2022, 2023, and 2024, were approximately RMB2.03 million, RMB1.82 million and RMB1.82 million, excluding three, three, three and three Directors or Supervisors, respectively.

For the three years ended December 31, 2022, 2023, and 2024, no remuneration was paid by us to our Directors, Supervisors or the five highest paid individuals as inducement to join or upon joining our Company or as a compensation for loss of office for the three years ended December 31, 2022, 2023, and 2024.

Save as disclosed above, no other payments have been paid or are payable for the three years ended December 31, 2022, 2023, and 2024, respectively, by any member of our Company to our Directors or Supervisors. For additional information on our Directors' and Supervisors' remuneration during the Track Record Period as well as information on the five highest paid individuals, see note 8 and note 9 to the Accountants' Report in Appendix I.

COMPLIANCE ADVISER

We have appointed SPDB International Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular or financial report;

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of our H Shares or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the Listing Date and is expected to end we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date in compliance with Rule 13.46 of the Listing Rules.

CORNERSTONE INVESTOR

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the “**Cornerstone Investment Agreement**” with the cornerstone investor set out below (the “**Cornerstone Investor**”, pursuant to which, subject to certain conditions precedent, the Cornerstone Investor has agreed to subscribe, or cause its designated entities to subscribe, for such number of Offer Shares with an aggregate amount of approximately HK\$131.4 million (inclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee) at the Offer Price as set out in the tables below (the “**Cornerstone Placing**”).

Assuming an Offer Price of HK\$13.55 per Offer Share, being the low-end of the Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investor would be 9,599,500 H Shares, representing approximately 31.54% of the Offer Shares and approximately 7.88% of the total issued share capital of our Company immediately upon completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Assuming an Offer Price of HK\$14.35 per Offer Share, being the mid-point of the Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investor would be 9,064,000 H Shares, representing approximately 29.78% of the Offer Shares and approximately 7.44% of the total issued share capital of our Company immediately upon completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Assuming an Offer Price of HK\$15.15 per Offer Share, being the high-end of the Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investor would be 8,585,500 H Shares, representing approximately 28.20% of the Offer Shares and approximately 7.05% of the total issued share capital of our Company immediately upon completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Our Company is of the view that (i) introducing the Cornerstone Investor to the Global Offering would help to ensure a reasonable size of solid commitment at the commencement of the marketing period, thus lowering the risk of unsuccessful issuance under volatile market conditions; and (ii) by leveraging on the Cornerstone Investor’s reputation, the Cornerstone Placing would contribute to elevating the profile of our Company and providing confidence to the market in respect of our business and prospects. Our company became acquainted with the Cornerstone Investor through meetings and forums of the Multi-Industry Business Cooperation Ecosystem Connection Network, in which our company actively and consistently participated.

CORNERSTONE INVESTOR

The Cornerstone Placing forms part of the International Offering, and the Cornerstone Investor will not acquire any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreement. The Offer Shares to be subscribed by the Cornerstone Investor will rank *pari passu* in all respects with the fully paid H Shares in issue following the completion of the Global Offering and will be listed on the Stock Exchange and counted towards the public float of our Company for the purpose of Rule 8.08 of the Listing Rules.

To the best knowledge of our Company and after making reasonable enquiries:

- (i) The Cornerstone Investor is a close associate of our existing shareholders, namely:
 - (i) Oriental Huagai, which holds a 2.44% interest in our Company, and (ii) Beijing Dongfang Huagai Cultural Venture Capital Co., Ltd. (北京東方華蓋文化創業投資有限公司) (“**Huagai VC**”), which holds a 0.36% interest in our Company.

Oriental Huagai is held by Beijing Dongcheng District State-owned Capital Operation Co., Ltd. (北京市東城區國有資本運營有限公司) with a 28.57% interest and Beijing Zhongguancun Venture Capital Development Co., Ltd. (北京中關村創業投資發展有限公司) with a 4.76% interest. As both entities are ultimately beneficially owned by the Beijing SASAC, Oriental Huagai is controlled by the Beijing SASAC with a 33.33% interest.

Huagai VC is held by Beijing Dongcheng District State-owned Capital Operation Co., Ltd. with a 33.33% interest and Beijing Dongcheng District Science and Technology Innovation Industry Investment Development Group Co., Ltd. with a 16.67% interest. As both entities are ultimately beneficially owned by the Beijing SASAC, Huagai VC is controlled by the Beijing SASAC with a 50% interest.

As both Oriental Huagai and Huagai VC are beneficially controlled by the Beijing SASAC with more than a 30% interest, and the Cornerstone Investor is also ultimately beneficially owned by the Beijing SASAC, the Cornerstone Investor is a close associate of the existing shareholders.

The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 and consent under Paragraph 5(2) of Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to these Cornerstone Investors. For further details, please refer to the section headed “Waivers from strict compliance with the listing rules — Allocation Of H Shares To Existing Minority Shareholders And Their Close Associates”;

- (ii) the Cornerstone Investor is not accustomed to taking and has not taken any instructions from our Company, our Directors, Supervisors, chief executive of our Company, our Single Largest Shareholder, substantial Shareholders, existing Shareholders, or any of its subsidiaries or its respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in its name or otherwise held by it;

CORNERSTONE INVESTOR

- (iii) the subscription of the relevant Offer Shares by the Cornerstone Investor is not directly or indirectly, financed, funded or backed by our Company, our Directors, Supervisors, chief executive of our Company, our Single Largest Shareholder, substantial Shareholders, existing Shareholders or any of its subsidiaries or its respective close associate;
- (iv) the Cornerstone Investor has confirmed that its subscription under the Cornerstone Placing would be financed by the financial resources of its parent company.

There are no side agreements/arrangements between our Company and the Cornerstone Investor or any benefit, direct or indirect, conferred on the Cornerstone Investor by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price. The Cornerstone Investor has confirmed that all necessary approvals have been obtained with respect to the relevant cornerstone investment. Neither the Cornerstone Investor nor its holding company is listed on any stock exchange, and the Cornerstone Investor has confirmed that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment.

The total number of Offer Shares to be subscribed by the Cornerstone Investor pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investor will be disclosed in the allotment results announcement to be published by our Company. The Cornerstone Investor has agreed that the Overall Coordinators may defer the delivery of all or any part of the Offer Shares it will subscribe to a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. The Cornerstone Investors has agreed that the relevant Offer Shares that it will subscribe will be fully paid for before the Listing. There will be no delayed delivery if there is no over-allocation in the International Offering.

OUR CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in relation to the Cornerstone Placing.

Tongzhou International

Tongzhou International Development Limited (通州國際發展有限公司) (“**Tongzhou International**”) is a company incorporated in Hong Kong with limited liability on June 2, 2025 and is a wholly-owned subsidiary of Beijing Tongzhou Development Group Co., Ltd. (北京通州發展集團有限公司) (“**Beijing Tongzhou**”), which is a company incorporated in the PRC with limited liability on January 14, 2013 and is primarily engaged in industrial park construction, industrial operation, financial services, corporate services. Beijing Tongzhou is ultimately beneficially owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Tongzhou District, Beijing. Tongzhou International is ultimately beneficially owned by the Beijing SASAC. As both Oriental Huagai and Huagai VC are controlled by the Beijing SASAC, the Tongzhou International is a close associate of the existing Shareholders of the Company, namely Oriental Huagai and Huagai VC.

Set out below is the aggregate number of the Offer Shares, and the corresponding percentage to our Company's total issued share capital under the Cornerstone Placing:

Based on the Offer Price of HK\$13.55 per H Share (being the low-end of the Offer Price range)

Cornerstone Investor	Total investment amount ⁽¹⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
		Approximate % of the International Offering	Approximate % of the issued share capital immediately following the completion of the Global Offering	Approximate % of the International Offering	Approximate % of the issued share capital immediately following the completion of the Global Offering
	<i>(RMB)</i>				
	<i>Approx. (HK\$)</i>				
Tongzhou International	120,000,000	35.04%	7.88%	30.03%	7.60%
Total	120,000,000	35.04%	7.88%	30.03%	7.60%

Based on the Offer Price of HK\$14.35 per H Share (being the mid-point of the Offer Price range)

Cornerstone Investor	Total investment amount ⁽¹⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
		Approximate % of the International Offering	Approximate % of the issued share capital immediately following the completion of the Global Offering	Approximate % of the International Offering	Approximate % of the issued share capital immediately following the completion of the Global Offering
	<i>(RMB)</i>				
	<i>Approx. (HK\$)</i>				
Tongzhou International	120,000,000	33.09%	7.44%	28.36%	7.18%
Total	120,000,000	33.09%	7.44%	28.36%	7.18%

CORNERSTONE INVESTOR

Based on the Offer Price of HK\$15.15 per H Share (being the high-end of the Offer Price range)

Cornerstone Investor	Total investment amount ⁽¹⁾	Approx. (HK\$)	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the International Offering	Approximate % of the issued share capital immediately following the completion of the Global Offering	Approximate % of the International Offering	Approximate % of the issued share capital immediately following the completion of the Global Offering
Tongzhou International . . .	120,000,000	131,387,341	31.34%	28.20%	26.86%	24.53%
Total	120,000,000	131,387,341	31.34%	28.20%	26.86%	24.53%

Notes:

(1) Inclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee.

(2) Calculated based on the exchange rate at HK\$1.00: RMB0.91333 as described in the section headed “Information about this Prospectus and the Global Offering — Exchange Rate Conversion” and rounded down to the nearest whole board lot of 500 H Shares.

CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (a) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;
- (b) the Offer Price having been agreed upon between our Company and the Sole Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters);
- (c) the Stock Exchange having granted the listing of, and permission to deal in, the H Shares (including the Investor Shares defined in the Cornerstone Investment Agreement) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions;
- (e) the respective representations, warranties, undertakings, acknowledgements and confirmations of the Cornerstone Investor under the respective Cornerstone Investment Agreement are (as of the date of each of the Cornerstone Investment Agreement) and will be (as of the Listing Date) accurate and true in all respects and not misleading and that there is no breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor; and
- (g) the Cornerstone Investor (or its parent entity) has applied for filings with relevant authorities in accordance with the Measures for the Administration of Overseas Investment by Enterprises and such filings have been approved.

RESTRICTIONS ON THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that without the prior written consent of each of the Company, the Sole Sponsor and the Sole Sponsor-Overall Coordinator, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have subscribed for pursuant to the Cornerstone Investment Agreement (the “**Relevant Shares**”) or any interest in any company or entity holding any of the Relevant Shares.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

OVERVIEW

As of the Latest Practicable Date, Mr. Piao held approximately 27.36% interest in our total issued share capital and was the single largest Shareholder of our Company.

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Piao will hold an aggregate of approximately 20.52% interest in our total issued share capital. Accordingly, Mr. Piao will remain our single largest Shareholder, and our Company will not have any controlling shareholder immediately after Listing.

Mr. Piao is also our founder, chairman, chief executive officer and executive Director. For further information of Mr. Piao, see the section headed “Directors, Supervisors and Senior Management” in this prospectus. For details of the shareholding of Mr. Piao immediately prior to and following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), see the section headed “History, Development and Corporate Structure” in this prospectus.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our single largest Shareholder, Mr. Piao, and his close associates after Listing.

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We have our own independent departments to support the operations and management of our current business. We have registered the relevant intellectual property rights relating to relevant technologies of our business and our product. We hold the licenses and qualifications necessary to carry on our current business, and have sufficient capital, facilities, technology and employees to operate the business independently from our Mr. Piao and his close associates. We have access to suppliers and customers independently from and not connected to Mr. Piao and his close associates.

Based on the above, our Directors are satisfied that we are able to operate independently from our Mr. Piao and his close associates.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

Management Independence

Our Board comprises 8 Directors, including 5 executive Directors and 3 independent non-executive Directors. Mr. Piao is our chairman, chief executive officer, executive Director and our single largest Shareholder. Our Board has a balanced composition with a majority of non-executive Directors including independent non-executive Directors not associated with the Mr. Piao and his close associates.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among others, that he or she must act for the benefit of and in the best interests of our Company and not allow any conflict between his or her duties as a Director and his or her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting on the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. Further, we believe our independent non-executive Directors will bring independent judgment to the decision-making process of our Board. See “— Corporate Governance” in this section for further details.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management are able to perform the managerial role in our Group independently from Mr. Piao and his close associates.

Financial Independence

During the Track Record Period, Mr. Piao provided guarantees over certain loans and for the benefit of our Group (the “**Founder’s Guarantees**”) which applied in our ordinary course of business. The Founder’s Guarantees are on normal commercial terms and are not secured by any assets of the Group, therefore are fully exempted connected transactions in accordance with rule 14A.90 of the Listing Rules. As of the Latest Practicable Date, we had an aggregate of approximately RMB234.5 million total loans which will remain be guaranteed by Mr. Piao prior to the Listing (the “**Founder’s Guaranteed Loans**”), of which the maturity date of the latest outstanding Founder’s Guaranteed Loan is in December 3, 2027.

Our Directors are of the view that premature replacement or discharge of the Founder’s Guarantees would be impractical and unduly onerous to the Group and would not be in the best interests of our Group and our Shareholders, considering that early replacement or discharge of the Founder’s Guaranteed Loans would require renegotiation of the terms with the relevant banks, and the renegotiation would take considerable time which may affect our normal operation. Therefore, we currently do not intend to release or replace the Founders’ Guarantees before the Founder’s Guaranteed Loans become due.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

Notwithstanding the above, our Directors are of the view that we are financially independent of our single largest Shareholder and/or his close associates for the following reasons:

- (1) we have sufficient capital to operate our business independently. As of the Latest Practicable Date, our banking deposit balance amounted to approximately RMB46.8 million. We are capable of obtaining, if necessary, financing from Independent Third Parties banks without relying on any guarantee or security provided by our single largest Shareholder and/or his close associates. In particular, as of the Latest Practicable Date, several independent third-party commercial banks confirmed they were willing to provide our Group in aggregate RMB190.0 million credit line facilities, without any assistance, guarantee or security from our single largest Shareholder, subject to regulatory requirements, negotiation of the detailed terms and the customary credit policies of such banks. Having considered the financial status and business development of our Group, our Company considers that it can obtain the credit line facilities on comparable terms as the existing loans obtained by our Group. Such loans from independent third-party commercial banks can be used as our working capital, and are sufficient to cover the Founders' Guarantees; and
- (2) we have an independent financial system and make financial decisions according to our Group's own business needs independently. We have internal control and accounting systems and a finance department which can make financial decisions independently. None of our single largest Shareholder and/or his close associates interferes with our use of funds. We have also established an audit committee comprising three independent non-executive Directors in compliance with Rule 3.21 of the Listing Rules.

INTERESTS OF THE SINGLE LARGEST SHAREHOLDER IN OTHER BUSINESSES

Our single largest Shareholder, Mr. Piao, confirms that as of the Latest Practicable Date, he does not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our single largest Shareholder, Mr. Piao:

1. where a Shareholders' meeting is to be held for considering proposed transactions in which Mr. Piao or any of his associates has a material interest, Mr. Piao will not vote on the resolutions and shall not be counted in the quorum in the voting;

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

2. our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with Mr. Piao or any of his close associates, our Company will comply with the applicable Listing Rules;
3. our independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and Mr. Piao (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;
4. our single largest Shareholder will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;
5. our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;
6. where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
7. we have appointed SPDB International Capital Limited as our compliance advisor to provide advice and guidance to use in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our single largest Shareholder, Mr. Piao, and to protect minority Shareholders’ interests after the Listing.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the following persons will have interest and/or short position in the Shares or the underlying Shares of our Company which would fall to be disclosed to the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of interest	Type of Shares ⁽³⁾	Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)		
			Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the total issued share capital of the Company	Type of Shares ⁽³⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the total issued share capital of the Company
Mr. Piao	Beneficial interest	Domestic Shares	24,984,600	27.36%	Domestic Shares	24,984,600	20.52%
Lianchuang Innovation (Chengdu) Equity Investment Fund Partnership (L.P.) (聯創創新(成都)股權投資基金合夥企業(有限合夥))	Beneficial interest	Domestic Shares	7,219,316	7.91%	Domestic Shares	7,219,316	5.93%
Suzhou Historic and Cultural City Development Group Co., Ltd. (蘇州歷史文化名城發展集團有限公司) . . .	Beneficial interest	Domestic Shares	5,168,986	5.66%	Domestic Shares	5,168,986	4.25%
	Interest in controlled corporation ⁽²⁾		2,960,000	3.24%	Domestic Shares	2,960,000	2.43%

Notes:

- (1) All interests stated are long positions.
- (2) As of the Latest Practicable Date, Suzhou Historic and Cultural City Development Group Co., Ltd., held 2,960,000 Shares through its wholly-owned subsidiary of Suzhou History Cultural Famous City Development Venture Capital Co., Ltd.
- (3) For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have an interest or short position in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and following the completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, our registered share capital was RMB91,314,291, divided into 91,314,291 Domestic Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE GLOBAL OFFERING

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after completion of the Global Offering will be as follows:

Description of Shares	Number of Shares	Approximate percentage of issued share capital
Domestic Shares	91,314,291	75%
H Shares to be issued under the Global Offering	30,440,000	25%
Total	121,754,291	100%

Assuming the Over-allotment Option is exercised, the share capital of our Company immediately after completion of the Global Offering will be as follows:

Description of Shares	Number of Shares	Approximate percentage of issued share capital
Domestic Shares	91,314,291	72.3%
H Shares to be issued under the Global Offering	35,006,000	27.7%
Total	126,320,291	100%

The above table assumes that the Global Offering has become unconditional and the H Shares are issued pursuant to the Global Offering.

CLASS OF SHARES

Upon completion of the Global Offering, the Shares will consist of Domestic Shares and H Shares. The H Shares in issue following the completion of the Global Offering and the Domestic Shares are ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong stock exchanges connectivity mechanism (Shanghai-Hong Kong Stock Connect) and the Shenzhen-Hong Kong stock exchanges connectivity mechanism (Shenzhen-Hong Kong Stock Connect) and other persons entitled to hold our Company's H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC. Domestic Shares may only be subscribed for by, and traded between, legal persons of the PRC, certain qualified foreign institution investors and qualified foreign strategic investors. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares, on the other hand, may only be subscribed for and transferred in Renminbi.

SHARE CAPITAL

RANKING

Domestic Shares and H Shares shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be paid by us in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of Domestic Shares, dividends in the form of Shares will be distributed in the form of additional Domestic Shares.

Listing Approval by the Stock Exchange

Our Company has applied to the Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering, which is subject to the approval by the Stock Exchange.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which the Shareholders' general meeting is required, see "Appendix V — Summary of Articles of Association — Shareholders and Shareholders' Meetings" to this prospectus.

Conversion of Unlisted Shares into H Shares

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council, the Unlisted Shares may be converted into overseas-listed Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process has been duly completed, all the necessary procedures with relevant PRC regulatory authorities, including the CSRC are followed. In addition, such conversion and trading shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Hong Kong Stock Exchange, such conversion, listing and trading will be undertaken upon completion of the filing procedures with the CSRC, and the approval of the Hong Kong Stock Exchange.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with the consolidated financial statements, including the notes thereto included in the Accountants' Report in Appendix I to this prospectus and the selected historical financial information presented elsewhere in this prospectus. Our consolidated financial statements were prepared in accordance with IFRSs.

This discussion of our financial condition and results of operations contains forward-looking statements which, although based on the assumptions that we consider reasonable, are subject to risks and uncertainties. Our actual performance and results are based on the assumptions about our business and may differ materially from those anticipated in the forward-looking statements as a result of certain factors, including those set out in the sections entitled "Forward-Looking Statements", "Risk Factors" and elsewhere. In addition, certain industry issues also affect our financial condition and results of operations, as described in "Industry Overview".

OVERVIEW

We are the largest full-suite cloud-based communications services provider in China in terms of revenue in 2024. In both cloud-based communications services and full-suite cloud-based communications services, our market share represented 1.8% of the total revenue of China's cloud-based communications services market in 2024. We were one of the first providers of cloud-based communications services in China, according to F&S. In addition, we are one of the few providers in China capable of delivering AI-driven communications services, according to the same source.

Below sets forth a summary of our business segments and the principal services and solutions which we offer:

- ***Cloud-Based Communications Services:*** Our cloud-based communications services are a series of value-added communications services that are delivered to our customers online mainly through APIs to facilitate messaging, voice, and mobile data communications. Our services mainly comprise CPaaS and Contact Center SaaS.
- ***Project-Based Communications Solutions:*** Our solutions utilize software or a combination of software and hardware to enhance communications and connectivity for public sector customers across many use cases, such as municipal governance and safety. We believe our solutions business holds significant growth potential as the increasing trend of digital transformation by PRC public and private enterprises would create additional use cases for our solutions. We leverage various technologies such as data analytics, cloud computing, edge computing, and visual recognition to develop solutions based on a customer's individualized demand.

FINANCIAL INFORMATION

- ***Other communications services and accessories:*** We also offer other communication services and accessories, mainly comprising specialized mobile phones, contact center outsourcing, and video conference solutions. Given the fierce competition and low profitability, we have been strategically scaling down this business segment.

We have built a full suite of cloud-based communications capabilities because, according to F&S, compared to our competitors with single service capability, we can offer multiple, integrated telecommunications resources and multiple delivery channels that cater to the growing and increasingly diverse communication needs of private and public organizations. Our cloud-based communications service offerings are intended to reduce the complexity for customers to interact with different telecommunications service providers and systems, help customers quickly deploy communications capabilities on their existing apps or websites, improve communications efficiency and enhance user engagement.

Our services and solutions are dedicated to making communications easier, and have been widely applied in the internet, software services, information technology and financial industries in China. In 2022, 2023 and 2024, our services and solutions facilitated communications for over 2,400, 2,400, 2,100 corporate customers, respectively. In particular, we had 24, 32, 32 key customers in 2022, 2023 and 2024, respectively, each contributing over RMB5 million of revenue in a year, which accounted for approximately 80%, 86% and 89% of our total revenue for those years, respectively.

In 2022, 2023, and 2024, our total revenue was RMB809.7 million, RMB915.6 million, and RMB917.6 million, respectively. During the same periods, our net profit was RMB74.7 million, RMB76.6 million, and RMB50.6 million, respectively.

RECENT DEVELOPMENT

See “Summary — Recent Development” in this Prospectus.

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial, operational or trading position since December 31, 2024, being the end of the period reported in the Accountants’ Report included in Appendix I to this prospectus.

BASIS OF PREPARATION

The Historical Financial Information has been prepared based on accounting policies set out in note 2.1 of the Accountants’ Report included in Appendix I which conform with IFRSs, which includes IFRSs, International Accounting Standard (“IAS”) and the related interpretations issued by the International Accountings Standards Board (“IASB”). In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited and by the Hong Kong Companies Ordinance.

FINANCIAL INFORMATION

For the purpose of preparing and presenting the Historical Financial Information, all relevant standards, amendments and interpretations to the IFRSs that are effective during the Track Record Period have been adopted by us consistently throughout the Track Record Period.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in note 3 of the Accountants' Report.

The Historical Financial Information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, which have been measured at fair value as explained in the material accounting policy information set out in note 2.3 of the Accountants' Report. The Historical Financial Information is presented in Renminbi, which is the same as our functional currency.

KEY FACTORS AFFECTING OUR BUSINESS AND RESULTS OF OPERATIONS

Our business and results of operations have been and are expected to be affected by certain key factors such as:

Our Ability to Maintain Growth in Cloud-based Communications Services

In 2022, 2023, and 2024, our revenue derived from cloud-based communications services was RMB694.8 million, RMB850.7 million, RMB866.1 million, respectively, which represented 85.8%, 92.9%, and 94.4% of our total revenue for the respective periods. As a result, our results of operations have been, and we believe will continue to be, dependent on our cloud-based communications services, which principally consist of CPaaS and Contact Center SaaS. Our CPaaS revenue depends on customer demand for cloud-based messaging, voice, mobile data or virtual goods services and the price per unit we charge for such services. A significant portion of the revenue from our Contact Center SaaS was voice-related, which followed the same revenue model as our voice services in CPaaS.

Demand for cloud-based communications services in China has been growing during the Track Record Period due to stable development of communication infrastructure, accelerated cloud migration and strong market demand for communication capabilities. See "Industry Overview — China's Cloud-Based Communications Services Market". From 2020 to 2024, the total revenue of China's cloud-based communications services market increased from RMB35.5 billion to RMB50.3 billion, growing at a CAGR of 9.1%. According to the F&S Report, from 2020 to 2024, the total revenue of China's CPaaS service market increased from RMB33.5 billion to RMB44.8 billion, growing at a CAGR of 7.5%, while the total revenue of China's Contact Center SaaS market increased from RMB2.0 billion to RMB5.5 billion, growing at a CAGR of 28.8%. We expect such growth trend to continue. According to the F&S Report, China's CPaaS service market is expected to maintain rapid growth, with total revenue projected to reach RMB65.0 billion by 2029, representing a CAGR of 7.7% from 2024 to 2029. The total revenue of China's Contact Center SaaS market is expected to reach RMB9.5 billion by 2029, representing a CAGR of 11.6% from 2024 to 2029, driven by the increasing demand for corporate communications.

FINANCIAL INFORMATION

Our financial performance has been and will be largely dependent on the market demand for cloud-based communications services, which is subject to several factors beyond our control. For example, market demands may be affected by regulations in China and the business needs of our existing customers. We may become unable to provide services and solutions in response to new legislation, regulations, or government policies. Another example is that we may fail to satisfy additional compliance requirements of our customers and suppliers as a result of the regulatory changes they are subject to. For risks related to our potential growth not meeting expectations, see “Risk Factors — Risks Relating to our Business and Industry — Fluctuations in demand for our services and solutions may adversely affect our business and results of operations. Any loss of or decline in demand for our services and solutions could materially and adversely affect our business, results of operations, and financial condition.”

Customer Acquisition and Retention

Our results of operations are highly dependent on the total number and the lifetime value of our customers, especially large and strategic customers. We have cultivated a large and diverse customer base of corporate and government organizations across various industries, including internet, telecommunications, financial services, education, manufacturing and energy. In 2022, 2023 and 2024, our services and solutions facilitated communications for over 2,400, 2,400, 2,100 corporate customers, respectively. In particular, we had 24, 32, 32 key customers in 2022, 2023 and 2024, respectively, each contributing over RMB5 million of revenue in a year, which accounted for approximately 80%, 86% and 89% of our total revenue for those years, respectively. See “Business — Key Operating Metrics” and “Glossary” for the definition of key customers. Our ability to continue our growth hinges on our maintenance of large customers and acquisition of new customers. To retain and grow our customer base, we need to predict future market acceptance and customer demand and continue to invest in sales and marketing to penetrate more industry verticals and further promote our brand image and recognition in China’s cloud-based communications services industry. See “Risk Factors — Risks Relating to Our Financial Performance — We experienced customer and supplier concentration during the Track Record Period and may continue to be exposed to the risk of such concentration in the future” and “Risk Factors — Risks Relating to Our Financial Performance — We are subject to credit risks related to our trade receivables and prepayments, other receivables and other assets.”

Regulatory Environment and Policies in China

The growth of cloud-based communications services and solution markets also depends, to some degree, on favorable policies and regulations in China. The PRC government issued several favorable policies to promote the development of cloud-based communications services and solution markets. For example, in 2024, MIIT issued Guidelines for the Construction of Comprehensive Standardization System of Cloud Computing, which aims to strengthen strategic research and standard system construction. This guide clarifies the research directions for cloud computing standardization, accelerates the formulation and implementation of standards in key areas, and consolidates the technical foundation for the development of cloud computing. In 2021, MIIT issued the 14th Five-Year Plan for the Development of Information

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and Communication Industry, which emphasizes the application of new technologies such as 5G, big data analytics and artificial intelligence, as well as the extensive expansion of new digital applications in production, daily life, and social governance. In addition, as we have provided value-added communication services in China, we and our suppliers are subject to regulations in connection with telecommunications services in China. Our growth has been and will continue to be dependent on the support of PRC industrial policies and regulations.

Our Ability to Manage Our Service and Solution Mix

Our financial performance also depends on the mix of our service and solution offerings. In 2022, 2023, and 2024, our revenue derived from CPaaS represented 78.1%, 85.2%, and 86.8% of our total revenue, respectively. Our gross profit from CPaaS was RMB142.9 million, RMB142.5 million, and RMB150.7 million for the same periods, respectively. Our overall gross margin, which stood at 24.1%, 21.4%, and 22.1% for the respective periods, respectively, is affected by the components of our service and solution offerings and their respective margin. Within our CPaaS services, voice service had the highest gross profit margin as compared to text message and mobile data during the Track Record Period. A change in the revenue and gross profit contribution from voice, text message and mobile data will also change the overall profit margin of CPaaS services, and consequently, our overall profit margin.

In addition, we have been gradually scaling down some existing services, such as contact center outsourcing since 2021, sale of virtual goods since 2022, mobile data services since 2021 and video conference solutions since 2022 as we anticipated more intense competition or low profitability in the future. These strategic business decisions have resulted and will continue to result in changes in our service mix and overall gross margin.

Our Ability to Continuously Develop Services and Solutions

Our ability to develop new services and solutions affects our results of operations, especially our overall revenue and profit margin. We have continued to expand our services and solutions offering. In May 2020, we launched project-based communications solutions, which is a higher-margin business than our CPaaS services. This evolution of our products and services has diversified our source of revenue and expanded our profit margin. The integration of AI, such as LLMs and NLP, with cloud-based communications services is becoming a market trend, which we believe will add value to our offerings. Benefiting from the innovative technological advancements, we can utilize smart text bot, smart service assistance, smart voice navigation and smart call bot to further optimize efficiency and simplify software usage for our customers, creating additional monetization and margin expansion opportunities.

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Ability to Acquire Abundant Supply of Telecommunications Resources at Affordable Prices

The largest component of our cost of sales, particularly for our cloud-based communications services, is service fees paid for telecommunications resources. In 2022, 2023 and 2024, purchase costs of our cloud-based communications services, which primarily comprise costs of purchasing communications resources, accounted for 83.0%, 92.0%, and 93.8% of our total cost of sales for the respective periods. Telecommunications operators in China typically adjust the unit prices for resources based on government recommendations and their bargaining power dynamic with customers such as us, especially in connection with our mobile data and virtual goods supply. An adjustment by telecommunications operators in China would likely negatively affect our results of operations in current contract periods because we may not be able to timely pass on the impact to our customers throughout the current contract periods.

Our historical financial performance also depended on the pricing of our CPaaS services. In 2022, 2023 and 2024, our average price per text message was RMB0.029, RMB0.030, and RMB0.031, respectively. Our average price per voice service per minute was RMB0.072, RMB0.086, and RMB0.077, respectively, for the same periods. The average prices fluctuate mainly due to market competition and changes in the regulatory and business environment in China. As we expand our other services and solutions, CPaaS will remain a major contributor to our revenue in the near future, so we expect our future financial performance to continue to be dependent on our cost for telecommunications resources and pricing of our CPaaS services.

Building Economies of Scale and Optimizing Segment Component to Promote Profitability

We have benefited from operational efficiency arising from the economies of scale we have achieved. In particular, revenue derived from our cloud-based communications services were RMB694.8 million, RMB850.7 million, RMB866.1 million in 2022, 2023, and 2024, respectively. Historically, messaging and voice services contributed a large portion of our total revenue during the Track Record Period. However, CPaaS services also led to a large amount of prepayments, which resulted in net cash outflow from operating activities in 2022, 2023, and 2024. We have and will continue to allocating more resources to develop and expand our Contact Center SaaS, project-based communications solutions and IoT mobile data pool and management, in the meantime we still maintain the level of our consumption from customers for our voices and messaging services to solidify stable customer base, and scaling down our mobile data and virtual goods services which are considered to yield a lower margin and required more advance resources procedure to optimize our existing segment composition. Contact Center SaaS, project-based communications solutions and IoT mobile data pool and management are more profitable than our other services as they can generate more gross profit with the same amount of telecommunications resources for which we prepay and then use. Our Directors believe that such optimization would improve our probability and as well our cash flow from operating activities.

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Favourable Income Tax Treatment

We are subject to income tax on an entity basis on assessable profits arising in or derived from the tax jurisdictions in which we are domiciled and operate. Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Mainland China are subject to corporate income tax (“CIT”) at a rate of 25% on the taxable income. During the Track Record Period, our Company and certain of our subsidiaries were entitled to a preferential tax rate of 15% due to being accredited as “High and New Technology Enterprises”. In addition, certain subsidiaries operating in China were entitled to preferential tax rates of 2.5% to 5% during the Track Record Period, because they were classified as “small-scaled minimal profit enterprises”. See “— Components of Our Consolidated Statements of Profit or Loss — Other Income and Gains” and “— Components of Our Consolidated Statements of Profit or Loss — Income Tax Expenses”. See note 10 of the Accountants’ Report included in Appendix I. The favorable tax treatments that we were entitled during the Track Record Period positively affect our results of operations. However, we may also lose our favorable tax treatment, which may negatively affect our financial performance.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management’s estimates and actual results, and we have not made any material changes to these assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in notes 2 and 3 of Appendix I to this prospectus.

Revenue Recognition

Revenue from Contracts with Customers

We recognize the revenue from contracts with customers when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer.

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When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Cloud-Based Communications Services

Revenue from cloud-based communication services is generally measured on a usage basis. Revenue is determined by applying the contractual unit price to the monthly usage volume (e.g. volume of messages sent or minutes duration of voice call made) utilized by the customers on the CPaaS and Contact Center SaaS platform developed by us, and recognized at point in time when the related services are provided to customers.

We also enter into contracts with its customers in relation to provision of certain top-up services (e.g. top-up of stream media and website membership subscription, coupons, and gift cards, etc). In rendering of such services, judgement is required in determining whether we are the principal or agent in transactions with customers. We have determined, based on an assessment of the relevant terms and conditions of the contracts as well as the nature of services rendered in the transactions, that when it does not control the specified goods or services before they are transferred to a customer, we are an agent in the transaction and revenue is recognized at point in time when the services are rendered and is recognized on a net basis reflecting the margin earned.

Project-Based Communications Solutions

Our project-based communications solutions primarily follow a project-based pricing model, where customers are generally billed for products and platform development according to agreed-upon payment terms. Revenue derived from project-based communications solutions is recognized at point in time when the solutions and related services are rendered and accepted by the customers.

Other Communications Services and Accessories

The provision of contact center outsourcing services is billed monthly mainly based on the number of service staff involved and the performance of the services. Our Directors have assessed that provision of contact center outsourcing services represent one single performance obligation, and the revenue is recognised over time because the customers simultaneously receive and consume the benefits provided by our performance as we perform. Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

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Impairment of Financial and Contract Assets

The measurement of the ECLs allowance for financial assets measured at amortized cost and contract assets is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgments, including determining the criteria for significant increase in credit risk, are also required in applying the accounting requirements for measuring ECLs. Details about the judgments and assumptions used in measuring ECLs is set out in note 2.3 and note 18 to the Historical Financial Information of the Accountants' Report included in Appendix I. Changes to these estimates and assumptions can result in significant changes to the timing and amount of ECLs to be recognized.

Contract Assets and Contract Liabilities

A contract asset represents our right to consideration in exchange for services that we have transferred to a customer that is not yet unconditional. In contrast, a receivable represents our unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due. Contract asset is recognized when the customers retain retention money to secure the due performance of the contracts. Contract assets are assessed for ECLs in accordance with the policy set out in note 2.3 to the Historical Financial Information in the Accountants' Report included in Appendix I. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which the milestones are reached. If the considerations (including advances received from customers) exceed the revenue recognized to date, then we recognize a contract liability for the difference.

A contract liability represents our obligation to transfer services to a customer for which we have received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

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COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	809,743	915,630	917,606
Cost of sales	(614,358)	(719,986)	(714,613)
Gross profit	195,385	195,644	202,993
Other income and gains	26,912	9,849	4,003
Selling expenses	(21,407)	(23,149)	(19,594)
Administrative expenses	(46,999)	(39,712)	(34,079)
Research and development expenses	(45,719)	(40,525)	(38,072)
Impairment losses on financial assets, contract assets and other assets	(13,254)	(6,268)	(46,336)
Other expenses and losses	(187)	(2,396)	(5,188)
Finance costs	(5,802)	(8,335)	(12,303)
Share of losses of an associate	(623)	(173)	(22)
Profit before tax	88,306	84,935	51,402
Income tax expenses	(13,646)	(8,351)	(760)
Profit for the year	74,660	76,584	50,642
Profit for the year attributable to:			
Owners of the parent	75,972	77,621	53,545
Non-controlling interests	(1,312)	(1,037)	(2,903)

Revenue

The following table sets out a breakdown of our revenue by segment for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Cloud-based communications services	694,751	85.8	850,685	92.9	866,051	94.4
CPaaS	632,502	78.1	779,706	85.2	796,429	86.8
Contact Center SaaS	62,249	7.7	70,979	7.7	69,622	7.6
Project-based communications solutions	20,533	2.5	13,761	1.5	13,940	1.5
Other communications services and accessories	94,459	11.7	51,184	5.6	37,615	4.1
Total	809,743	100.0	915,630	100.0	917,606	100.0

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Our total revenue increased slightly from RMB915.6 million in 2023 to RMB917.6 million in 2024. The increase in revenue is mainly driven by the increase in revenue derived from the messaging segment of the cloud-based communications services generated from several key customers of approximately RMB220.1 million, however the extent of increase is offset by decrease in IoT mobile data poll and management due to terminated contract with several customers, along with reduced project demand from existing clients.

Our total revenue increased by 13.1% from 2022 to 2023, primarily due to an increase in the revenue from our cloud-based communications services, partially offset by the decrease in our revenue from project-based communications solutions and other communications services and accessories. Our revenue derived from cloud-based communications services increased primarily due to an increase in our revenue from CPaaS and Contact Center SaaS. Revenue derived from project-based communications solutions decreased substantially from 2022 to 2023, primarily due to limited demand during the economic recovery from the effects of COVID-19. Revenue derived from other communication products and services decreased substantially primarily due to our decision to shrink this business segment resulted from increased competition and lower margin.

Cost of Sales

The table below sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Purchase costs						
Telecommunications resources	510,132	83.0	662,459	92.0	670,150	93.8
Outsourced hardware and software purchase	37,753	6.1	8,832	1.2	4,418	0.6
Other costs	66,473	10.9	48,695	6.8	40,045	5.6
Total	614,358	100.0	719,986	100.0	714,613	100.0

Our cost of sales mainly comprises (i) costs to purchase telecommunications resources; (ii) costs to purchase hardware and software; and (iii) other costs, such as the purchase costs of paid video conference accounts, labor costs of contact center outsourcing, cost of call agents, server leasing, leaseholds right to use and others.

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The table below sets forth our cost of sales by segment for the periods indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Cloud-based communications services	514,509	83.8	665,811	92.5	673,615	94.2
CPaaS	489,593	79.7	637,254	88.5	645,703	90.3
Contact Center SaaS	24,916	4.1	28,557	4.0	27,912	3.9
Project-based communications solutions	9,251	1.5	5,324	0.7	4,899	0.7
Other communications services and accessories	90,598	14.7	48,851	6.8	36,099	5.1
Total.	614,358	100.0	719,986	100.0	714,613	100.0

Gross Profit and Gross Profit Margin

The table below sets forth our gross profit and overall gross profit margin for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	809,743	915,630	917,606
Cost of sales.	(614,358)	(719,986)	(714,613)
Gross profit.	195,385	195,644	202,993
Gross profit margin	24.1%	21.4%	22.1%

The following table sets out gross profit margin by segment for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	(in percentage)		
Cloud-based communications services	25.9	21.7	22.2
CPaaS	22.6	18.3	18.9
Voice	39.0	42.6	39.9
Messaging	8.1	7.3	9.9
IoT mobile data pool and management. . .	12.8	12.3	29.9
Mobile data services	1.4	—	—

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	Year ended December 31,		
	2022	2023	2024
	(in percentage)		
Virtual goods services	99.9	100.0	100.0
Contact Center SaaS	60.0	59.8	59.9
Project-based communications solutions . . .	54.9	61.3	64.9
Other communications services and accessories	4.1	4.6	4.0
Specialized mobile phones	2.7	6.6	–
Contact center outsourcing	2.5	1.4	2.8
Video conference solutions	27.7	32.0	32.8
Others	57.5	35.2	(400.0)
Total	24.1	21.4	22.1

Our overall gross profit margin saw a modest increase from 21.4% in 2023 to 22.1% in 2024. This growth was driven by a stable revenue structure, with most business segments, including our core CPaaS segment achieving higher gross profit margins. CPaaS revenue increased from RMB780 million in 2023 to RMB796 million in 2024, increasing its contribution to total revenue from 85.2% in 2023 to 86.8% in 2024. The steady increase of CPaaS segment's profit margin from 18.3% in 2023 to 18.9% in 2024 contributed to a significant portion of the Group's revenue.

Notably, the IoT mobile data pool and management business of our CPaaS segment experienced a significant gross profit margin improvement, increasing from 12.3% in 2023 to 29.9% in 2024. This was primarily due to a shift in project composition, as lower-margin integrated solutions (combining modules and cards) accounted for a smaller portion of IoT revenue. The resulting margin expansion in IoT also contributed to higher profitability in the CPaaS segment and, ultimately, the Group's overall gross margin. The increase in the gross profit margin of the messaging business which contributed to a significant portion of revenue has also contributed to the increase in gross profit margin.

Our overall gross profit margin decreased from 24.1% in 2022 to 21.4% in 2023, negatively affected by a substantial increase in revenue from messaging services, which had a lower margin than voice services. Gross profit margin of project-based communications solutions increased from 54.9% in 2022 to 61.3% in 2023, primarily due to delivery and acceptance of several high-margin software-based projects in 2023.

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The table below sets forth our gross profit margin by service type for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	%	%	%
Cloud-based communications services	25.9	21.7	22.2
CPaaS	22.6	18.3	18.9
Contact Center SaaS	60.0	59.8	59.9
Project-based communications solutions . . .	54.9	61.3	64.9
Other communications services and accessories	4.1	4.6	4.0
Total	24.1	21.4	22.1

Our overall gross profit margin was between 21.4% and 24.1% during the Track Record Period, which was higher than some of our peers. Such result was primarily due to the following reasons:

- (i) We have actively managed our product mix. We offer full-suite of cloud-based communications services. However, some service offerings, such as voice services and Contact Center SaaS, have high gross profit margin over other types of CPaaS services. We have actively managed our product mix to promote our profitability. On one hand, we have historically terminated cooperations with CPaaS customers which generated low profit margin; on the other hand, we continuously developed our Contact Center SaaS service offering during the Track Record Period. Revenue derived from our Contact Center SaaS during the Track Record Period gradually grow. Our active management is also reflected in our plan to further develop project-based communications solutions in the future. Project-based communications solutions, which generated gross profit margin from 54.9% to 64.9% during the Track Record Period. See “Future Plans and Use of Proceeds — Use of Proceeds”.
- (ii) We have seized the market opportunities. According to the F&S, market drivers of China’s CPaaS services include technological advancement and increasing demand for corporate communication. Market drivers of China’s Contact Center SaaS include growing requirements for response speed of customer services and continuous technological development. During the past years, we foresaw these market drivers and take measures to seize the opportunities. We pay attention to the applications of AI tools, such as data analytics, NLP, voiceprint recognition and motion recognition. See “Business — Our Strengths — Smart Technologies Utilizing AI Tools”. It ensures that our services and solutions constantly improved from a technological perspective. We also provide a stable supply of telecommunications resources and possess strong sales capabilities. The former enables us to offer services from a diverse range of regional telecommunications operators and service providers. The latter helps us meet the growing demand for corporate communication effectively. See “Business — Our Strengths — Stable supply of telecommunications resources and strong sales capabilities”.

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Other Income and Gains

Our other income and gains primarily consist of bank interest income, additional deductible input VAT, government grants, and other sources. Additional deductible input VAT refers to tax benefits which allows us to deduct an additional percentage of our input VAT when calculating their payable VAT. Government grants we received were mainly from the local governments of the regions where we operate, the purposes of which were primarily to support our research and development activities, innovations, talent recruitment and other aspects of our operations conducted in the ordinary course of business and financing activities.

The table below sets forth a breakdown of our other income and gains for the periods indicated.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank interest income	80	44	58
Additional deductible input VAT	25,800	8,911	–
Government grants	849	595	3,664
Others	183	299	281
Total	26,912	9,849	4,003

Selling Expenses

Our selling expenses primarily consist of labor costs of our sales and marketing team, promotion expenses, and depreciation and amortization. Labor costs for our sales and marketing team remained the largest component of our selling and marketing expenses during the Track Record Period. Promotion expenses comprise primarily our advertising fees.

The table below sets forth a breakdown of the key components of our selling expenses for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Labor costs	18,046	19,089	16,221
Promotion expenses	852	797	602
Depreciation and amortization	1,653	1,310	1,129
Others ⁽¹⁾	856	1,953	1,642
Total	21,407	23,149	19,594

(1) Others include travel expenses, leasing and property management expenses, postal fees, business development expenses, office related expenses, labor union expenses and consultancy expenses.

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Administrative Expenses

Our administrative expenses primarily comprise labor costs of our administrative staff, depreciation and amortization, consultancy expenses, office-related expenses, hospitality expenses, stamp duty and other expenses.

The table below sets forth a breakdown of the key components of our administrative expenses for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Labor costs	17,713	19,590	17,464
Depreciation and amortization	9,259	5,887	3,607
Consultancy expenses	8,487	2,396	4,855
Office-related expenses	1,781	1,715	1,200
Hospitality expenses	3,332	3,558	2,291
Stamp duty	2,939	2,204	1,157
Other expenses ⁽¹⁾	3,488	4,362	3,505
Total	46,999	39,712	34,079

- (1). Other expenses include leasing expenses, travel expenses, training expenses, disability insurance fund, water and electricity fees, postage and telecommunications fees, recruitment fees, low-value consumables, banking administrative fee, vehicle related expenses and labor service fee.

Research and Development Expenses

Our research and development expenses comprise primarily outsourced R&D expenses, labor cost of our research team, and depreciation and amortization. Outsourced R&D expenses primarily comprise costs related to external research and development matters which we outsourced and were not related to specific customers and projects.

The table below sets forth a breakdown of the key components of our research and development expenses for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Outsourced R&D expenses	28,313	20,491	19,487
Labor cost	15,041	17,361	16,624
Depreciation and amortization	2,101	1,906	1,600
Others ⁽¹⁾	264	767	361
Total	45,719	40,525	38,072

- (1). Other expenses include rent and property management fees, office expenses, travel expenses, and low-value consumables.

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During the Track Record Period, we outsourced research and development matters to 24 research companies, all of which are independent from us. We decide whether to outsource primarily based on cost efficiency. During the Track Record Period, the fluctuations in our outsourced research and development expenses were mainly attributable to the varying nature of the research work involved in our cloud-based communications services and project-based communications solutions undertaken during the specific periods. We incurred higher outsourced research and development expenses when a greater proportion of the research work was more cost-efficient to be outsourced than carried out in-house.

Impairment Losses on Financial Assets, Contract Assets and Other Assets

Our impairment losses on financial assets, contract assets and other assets comprise impairment of trade receivables, prepayments, other receivables and other assets, and contract assets.

The table below sets forth a breakdown of the components of our impairment losses of financial assets, contract assets and other assets for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Impairment of trade receivables	12,561	6,800	23,941
Impairment of prepayments, other receivables and other assets, net	643	(476)	22,373
Impairment of contract assets, net	50	(56)	22
Total	13,254	6,268	46,336

Our impairment losses on financial assets, contract assets and other assets primarily consist of impairment of trade receivables, impairment of prepayments, other receivables and other assets, net and impairment of contract assets, net. The increase in impairment losses for prepayments, other receivables, and other assets was primarily driven by an advance payment made under the Yunxi Purchase Contract, which Beijing Yunxi failed to perform. Even though the likelihood of the Company winning the litigation is high, based on the principle of prudence, the Company has made a 40% impairment provision, amounting to RMB21.6 million, for the Yunxi Purchase Contract, representing RMB54.08 million in other receivables from Beijing Yunxi. When the Company assessed the impairment of these receivables as of December 31, 2024, it considered the following factors: (i) Based on the Company's due diligence and ongoing communication with Beijing Yunxi, Beijing Yunxi still possesses delivery capabilities, and there is a possibility of subsequent delivery of goods or obtaining a refund from its agents to be returned to the Company; (ii) apart from sporadic litigation, there have been no other publicly available matters significantly impacting Beijing Yunxi's operations; (iii) the Company referenced discount rates and principal recovery rates of similar prepayments, other receivables, and other asset transfer transactions, including cases of

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enterprises and financial institutions transferring receivables (e.g., the average principal recovery rate for single-entity corporate receivable transfers published by the China Banking Center in 2023 and 2024, with a two-year average principal recovery rate exceeding 60% and a discount rate below 40%). Taking into account the case facts and data, the Company made a 40% impairment loss provision for the Yunxi Purchase Contract. For further details of the background of the legal proceedings, please refer to the “Business — Legal Proceedings and Compliance — Legal Proceedings” section of this prospectus.

Other Expenses and Losses

The table below sets forth a breakdown of the components of our other expenses and losses for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Penalty for breach of leasehold	—	1,038	—
Goodwill impairment	—	1,226	3,894
Others ⁽¹⁾	187	132	1,294
Total	187	2,396	5,188

- (1). Others include late fees, donations, loss on impairment of non-current assets, gain or loss on disposal of fixed assets, provision for projected liabilities for litigation, and impairment loss on long-term investment.

Goodwill impairment primarily relates to our acquisition of Huali Daxing, which incurred continuous losses in 2023 and 2024, respectively. Our penalty for breach of leasehold in 2023 was related to an early termination of a leasehold.

Finance Costs

Our finance costs primarily consist of interests on our bank and other borrowings and lease liabilities. For bank borrowings, see “— Indebtedness”.

The table below sets forth a breakdown of our finance costs for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	286	396	417
Interest on bank and other borrowings	5,516	7,939	11,886
Total	5,802	8,335	12,303

FINANCIAL INFORMATION

Income Tax Expenses

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, entities operating in China are subject to corporate income tax (“CIT”) at a rate of 25% on taxable income. During the Track Record Period, our Company and certain subsidiaries were entitled to a preferential tax rate of 15% due to being accredited as “High and New Technology Enterprises”. In addition, certain subsidiaries operating in China were entitled to preferential tax rates ranging from 2.5% to 5% during the Track Record Period because they were regarded as “small-scaled minimal profit enterprises”.

The following table sets forth a breakdown of our income tax expenses for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax charged for the year	15,493	9,337	6,708
Under/(Over) provision in prior years	991	143	(277)
Deferred tax charged for the year	(2,838)	(1,129)	(5,671)
Total	13,646	8,351	760

	Year ended December 31,		
	2022	2023	2024
Effective tax rate ⁽¹⁾	15.5%	9.8%	1.5%

(1) Effective tax rate is calculated as the profit before tax divided by the tax charge at the Group’s effective rate stated in note 10 to the Accountant’s Report in Appendix I.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our total revenue increased slightly by 0.2% from RMB915.6 million in 2023 to RMB917.6 million in 2024. This growth was primarily driven by an increase in revenue from cloud-based communications services, partially offset by a decrease in revenue from project-based communications solutions and other communications services and accessories.

Our revenue derived from cloud-based communications services increased by 1.8% from RMB850.7 million in 2023 to RMB866.1 million in 2024 due to the following:

- Revenue from CPaaS increased by 2.1%, driven by growth in our messaging and voice services, driven by increased customer demands; and
- Revenue from Contact Center SaaS decreased by 1.9%, primarily due to weakening customer demand resulting from changes in some of our customers’ purchase.

FINANCIAL INFORMATION

Revenue derived from our project-based communications solutions increased slightly by 0.7% from RMB13.8 million in 2023 to RMB13.9 million in 2024, primarily due to fluctuations in the normal ordinary course of business.

Revenue derived from our other communications services and accessories decreased by 26.6% from RMB51.2 million in 2023 to RMB37.6 million in 2024. This decline was due to our strategic decision to continue scaling down this business segment.

Cost of Sales

Our cost of sales decreased by 0.7% from RMB720.0 million in 2023 to RMB714.6 million in 2024, primarily reflecting our effort to manage cost of project-based communications solutions and gradually taking more projects which are capable of utilizing existing modules without incurred additional cost to purchase hardware and software to implement new projects.

Gross Profit and Gross Profit Margin

Our overall gross profit increased from RMB195.6 million in 2023 to RMB203.0 million with the overall gross profit margin increasing steadily from 21.4% to 22.1% in 2024. This growth of gross profit was driven by stable improvements in gross profit across various businesses within the CPaaS segment. In particular, the messaging business under CPaaS, which achieved higher profit margins in 2024, contributed significantly to this increase, with revenue rising from RMB562 million in 2023 to RMB590 million in 2024 which contributed to the increase in gross profit.

Gross profit from cloud-based communications services increased by 4.1% from RMB184.9 million in 2023 to RMB192.4 million in 2024. The increase reflects our business growth and a decrease in cost of messaging service. Gross profit margin remained stable for 2023 and 2024 which has increased insignificantly for 0.5% from 21.7% in 2023 to 22.2% in 2024.

Gross profit from project-based communications solutions increased by 7.1% from RMB8.4 million in 2023 to RMB9.0 million in 2024 with the gross profit margin increased by 3.6% from 61.3% in 2023 to 64.9% in 2024, primarily due to our effort to manage cost of project-based communications solutions and taking up on projects which are capable of utilizing existing modules.

Other Income and Gains

Our other income and other gains decreased significantly from RMB9.8 million in 2023 to RMB4.0 million in 2024, primarily due to cancellation of favorable VAT tax policies. As our Company no longer benefits from the favorable VAT tax policies due to its revocation, there was no deductible input VAT income received and classified as Other Income and Gains for the year ended December 31, 2024.

FINANCIAL INFORMATION

Selling Expenses

Our selling and distribution expenses decreased by 15.2% from RMB23.1 million in 2023 to RMB19.6 million in 2024. The decrease in selling expenses is primarily due to a reduction in incentive bonuses. In 2024, the sales personnel acquired fewer new customers as compared to 2023, which directly affected the calculation and distribution of the incentive bonuses. As a result, there was a decrease in the total cost of incentive bonuses which resulted in the decrement in selling expenses.

Administrative Expenses

Our administrative expenses decreased by 14.1% from RMB39.7 million in 2023 to RMB34.1 million in 2024. This reduction was mainly due to (i) the Company's efforts to optimize the labor structure by streamlining administrative procedures and adopting an administrative management software have significantly facilitate the administrative work and reduced labor costs; and (ii) the Company's early efforts to optimize the use of office premises and scale down office premises have led to a corresponding decrease in a substantial portion of the acquired fixed assets related to office utilization. The value of the office fixtures, aligned with the relevant fixed assets, has decreased in previous years and was fully depreciated in the previous years. As a result, there has been a significant decrease in depreciation and amortization expenses in 2024.

Research and Development Expenses

Our research and development costs decreased by 5.9% from RMB40.5 million in 2023 to RMB38.1 million in 2024. This decrease was mainly due to (i) a decrease in the demand for outsource research and development; and (ii) a decrease in labor cost for overtime working.

Income Tax Expense

Our income tax expense decreased from RMB8.4 million in 2023 to RMB0.8 million in 2024 due to utilization of previously incurred losses for deduction.

Finance Costs

Our finance costs increased by 48.2% from RMB8.3 million in 2023 to RMB12.3 million in 2024. This increase was primarily due to higher interest expenses on our bank and other borrowings.

FINANCIAL INFORMATION

Impairment Losses on Financial Assets, Contract Assets, and Other Assets

Our impairment losses on financial assets, contract assets, and other assets increased significantly from RMB6.3 million in 2023 to RMB46.3 million in 2024. This increase was mainly due to (i) additional general provisions for trade receivables, largely because of the slow settlement of receivables from certain Large Customers (as defined below) adversely affected by a slowing economy; and (ii) the provision for trade prepayments amounted to RMB22 million in 2024, which was related to a supplier contract with Beijing Yunxi for computing module products requested by Beijing Yakang. As the Company had no prior business relationship with Beijing Yunxi and Beijing Yunxi failed to deliver the goods as stipulated in the contract terms at the initial stage, the Company recorded a provision for the prepayment made to Beijing Yunxi. For details regarding this contract, please refer to the “Business — Legal Proceedings” section of this prospectus.

The remaining provision in 2024, which was insignificant, related to a framework supplier contract for outsourced call center operations. This contract did not have a pre-determined value. Due to the supplier’s operational difficulties caused by economic challenges, a provision of approximately RMB0.3 million was made for prepayments to this supplier.

Regarding the Beijing Yunxi supplier contract, this was a one-off incident involving fraudulent conduct by both Beijing Yunxi and Beijing Yakang which approached the Company in similar timing. The court has accepted the request by the Company based on evidence to join Beijing Yunxi and Beijing Yakang in the same proceedings to adjudicate the contracts concerning the delivery of computing module products. The Company has made sufficient provision for the trade prepayment related to Beijing Yunxi. The Company’s legal advisors believe there is substantial evidence for the court to rule in favor of the Company and order Beijing Yunxi to return the prepayment. Consequently, the Company considers that this one-off increase in impairment losses on financial assets, contract assets, and other assets has not adversely impacted, and will not adversely impact, the Group’s operations or financial performance.

Net Profit and Net Profit Margin

As a result of the foregoing, our net profit decreased by 33.9% from RMB76.6 million in 2023 to RMB50.6 million in 2024. Our net profit margin decreased from 8.4% in 2023 to 5.5% in 2024.

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Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our total revenue increased by 13.1% from RMB809.7 million in 2022 to RMB915.6 million in 2023, primarily due to an increase in the revenue from our cloud-based communications services, partially offset by the decrease in our revenue from project-based communications solutions and other communications services and accessories.

Our revenue derived from cloud-based communications services increased by 22.4% from RMB694.8 million in 2022 to RMB850.7 million in 2023, primarily due to an increase in our revenue from CPaaS and Contact Center SaaS:

- Revenue from CPaaS was up by 23.3% from RMB632.5 million in 2022 to RMB779.7 million in 2023, primarily due to an increase in demand for messaging services.
- Revenue derived from Contact Center SaaS was up by 14.1% from RMB62.2 million in 2022 to RMB71.0 million in 2023, primarily due to our up-selling efforts and acquisition of new customers.

Revenue derived from project-based communications solutions decreased by 32.7% from RMB20.5 million in 2022 to RMB13.8 million in 2023, primarily due to limited demand during the economic recovery from the effects of COVID-19.

Revenue derived from other communication products and services decreased by 45.8% from RMB94.5 million in 2022 to RMB51.2 million in 2023, primarily due to our decision to scale down this business segment resulted from increased competition and lower margin.

Cost of Sales

Our cost of sales increased by 17.2% from RMB614.4 million in 2022 to RMB720.0 million in 2023, which was generally in line with our revenue growth and reflected an increase in our purchase costs for telecommunication resources.

Gross Profit and Gross Profit Margin

Our overall gross profit remained relatively stable at RMB195.4 million in 2022 and RMB195.6 million in 2023, while our overall gross profit margin decreased from 24.1% in 2022 to 21.4% in 2023.

Our margin was negatively affected by a substantial increase in revenue from messaging services, which had a lower margin than voice services.

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Gross profit from project-based communications solutions decreased from RMB11.3 million in 2022 to RMB8.4 million in 2023, primarily due to weakened demand during the economic recovery from the effects of COVID-19. Gross profit margin increased from 54.9% in 2022 to 61.3% in 2023, primarily due to delivery and acceptance of several high-margin software-based projects in 2023.

The gross profit margin of our video conference solutions decreased from 65.7% in 2021 to 27.7% in 2022, primarily due to a significant increase in our corresponding cost incurred for purchasing accounts used for video conference solutions. Our gross profit margin is therefore vulnerable and affected by such increase in supplier cost. Our ability to mitigate the impact of the cost increase was constrained, mainly due to (i) our limited ability to increase the prices we charged our existing customers, as the prices had been fixed in our existing contracts with them; (ii) our inability to switch to different suppliers without incurring substantial transition costs, as our system was customized to rely on the services provided by our main supplier. In 2021, gross profit margin of our video conference solutions was substantially higher than ones in 2022 and 2023, because our supplier which supplied accounts to be used for video conference solutions maintained a lower cost for the supply for the financial year of 2021 as compared to the significant increment in 2022 charged by the same group of suppliers. Consequently, we are able to authorize our customers to use such accounts with a competitive price in 2021 as compared to the ones in 2022 and 2023.

Other Income and Gains

Our other income and gains decreased significantly by 63.6% from RMB26.9 million in 2022 to RMB9.8 million in 2023, primarily due to a reduction in tax incentives on value-added tax and a decrease in one-off government grants from local government.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 7.9% from RMB21.4 million in 2022 to RMB23.1 million in 2023, primarily due to increased performance-based salaries of our sales team and an increase in the travel expenses of our sales personnel, resulting from our efforts to expand our business.

Administrative Expenses

Our administrative expenses decreased by 15.5% from RMB47.0 million in 2022 to RMB39.7 million in 2023, primarily due to (i) a decrease in depreciation and amortization resulting from a decrease in fixed assets; and (ii) a significant decrease in consultancy expenses as we did not incur any large non-recurring expenses like the ones relating to the 2022 A-Share Listing Application, partially offset by an increase in labor costs due to (i) a general pay raise for our administrative staff in 2023; and (ii) our payment of compensation to certain employees laid off due to sub-optimal performance.

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Research and Development Expenses

Our research and development expenses decreased by 11.4% from RMB45.7 million in 2022 to RMB40.5 million in 2023, primarily due to a decrease in outsourced R&D expenses as our Contact Center SaaS and CPaaS platforms had been established, leading to a decrease in our need for outsourced R&D, partially offset by an increase in labor cost as a result of the increase in our headcount in 2023.

Impairment Losses on Financial Assets, Contract Assets and Other Assets

Our impairment losses on financial assets, contract assets and other assets decreased by 52.6% from RMB13.3 million in 2022 to RMB6.3 million in 2023, primarily due to a decrease in ECL allowances, partially offset by the increase in impairment losses made for individual customers whose trade receivables were not recoverable.

Other Expenses and Losses

Our other expenses and losses increased significantly from RMB0.2 million in 2022 to RMB2.4 million in 2023, primarily due to (i) a compensation payment resulted from early termination of our leasehold; (ii) an increase in goodwill impairment in connection with our acquisition of Huali Daxing.

Finance Costs

Our finance costs increased by 43.1% from RMB5.8 million in 2022 to RMB8.3 million in 2023 due to an increase in our bank borrowings in 2023.

Share of Profits and Losses of an Associate

Our share of profits and losses of an associate decreased by 66.7% from RMB0.6 million in 2022 to RMB0.2 million in 2023, primarily due to the decrease of losses from our investment in Liaoning Zhilian.

Income Tax (Expense)/Credit

Our income tax expense decreased by 38.2% from RMB13.6 million in 2022 to RMB8.4 million in 2023, primarily due to a decrease in profit in 2023.

Net Profit and Net Profit Margin

As a result of the foregoing, our net profit increased by 2.5% from RMB74.7 million in 2022 to RMB76.6 million in 2023, while our net profit margin decreased from 9.2% in 2022 to 8.4% in 2023.

LIQUIDITY AND CAPITAL RESOURCES

Historically, we funded working capital and other capital requirements primarily from our internal cash resources and loans. We intend to finance our future capital requirements through the same sources of funds as discussed above, together with the net proceeds from this Global Offering and any available credit facilities and loans. In order to cover future obligations and cash outflows, we need to have sufficient liquidity reserves at all times. We intend to monitor our liquidity risk through rolling forecasts of our liquidity requirements to ensure that we have sufficient cash to meet operational needs. In the fourth quarter of 2024, we implemented several measures simultaneously to improve net operating cash flow and enhance the recoverability of trade receivables. We consider these measures effective, and the improvements are evident. For details, see “Financial Information — Measures Adopted to Improve Net Operating Cash Flow” and “Financial Information — Measures Taken to Enhance Collection Method”.

Working Capital Sufficiency

Our Directors are of the opinion that we will have adequate working capital and sufficient cash balance to support our business growth, without taking account of the estimated net proceeds from the Global Offering, on the following grounds:

- (i) **Improved Cash Flow from Operating Activities:** We recorded a net operating cash inflow since February 2025, with net cash from operating activities reaching RMB40.9 million as of April 30, 2025, a significant turnaround from the net operating cash outflow of RMB59.2 million in the corresponding period of the previous year.
- (ii) **Increased Cash and Cash Equivalents:** Our cash and cash equivalents rose significantly to RMB46.8 million as of the Latest Practicable Date by virtue of, inter alia, the utilization of certain credit facilities, compared to RMB7.3 million as of December 31, 2024;
- (iii) **Strong Trade Receivables Recovery:** As of the Latest Practicable Date, the subsequent settlement rates of our trade receivables and trade receivables from the Large Customers Group as of December 2024 were 49.42% and 50.23%, respectively, demonstrating a solid trend in recoverability;
- (iv) **Available Credit Facilities:** As of April 30, 2025, we had increment in unused recurring credit facilities and loans totaling RMB156 million, compared to RMB81 million previously as of December 31, 2024;
- (v) **Enhanced Collection Measures:** We have taken various measures to enhance collection efforts for trade receivables, which include establishing management policies for receivables, reviewing receivables regularly by finance personnel, actively communicating on settlement with our customers, and issuing collection letters;

FINANCIAL INFORMATION

- (vi) **Business Optimization Initiatives:** To sustain and enhance our cash flow position, we have implemented, and will continue to pursue, strategic initiatives aimed at optimizing our business composition, including expanding higher-margin segments, growing our customer base, increasing solution adoption, and improving operational leverage; and
- (vii) **Operational Efficiency and Economies of Scale:** We will further enhance operating efficiencies and, by leveraging economies of scale, strengthen our bargaining power. This will enable us to secure more favorable business terms, increase gross profit, and drive stronger cash inflows from operating activities.

Taking into account our available financial resources — including improved cash inflows from operating activities, increased cash and cash equivalents, strong trade receivables recovery, available credit facilities, enhanced collection measures, business optimization initiatives, and greater operational efficiency through economies of scale, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of this prospectus.

We anticipate our working capital will be further increased after the completion of the Global Offering. We expect to receive net proceeds from the Global Offering of approximately HK\$391.0 million based on the mid-point of the Offer Price Range set out in this prospectus (assuming that the Over-allotment Option is not exercised).

After due consideration of the foregoing factors and discussions with the management, the Sole Sponsor has no reason to believe that the Directors' foregoing views are unreasonable.

CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table sets forth a summary of our cash flow for the years ended December 31, 2022, 2023 and 2024.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net cash outflow from operating activities . .	(116,625)	(56,210)	(114,172)
Net cash outflow from investing activities . .	(2,549)	(3,483)	(321)
Net cash inflow from financing activities . . .	122,175	87,611	45,080
Cash and cash equivalents at beginning of year	45,780	48,781	76,699
Cash and cash equivalents at end of year . .	48,781	76,699	7,286

FINANCIAL INFORMATION

Cash Flow from Operating Activities

Cash flow from operating activities reflects: (i) profit before tax adjusted for non-cash and non-operating items including finance costs, interest income, impairment of investment in an associate, impairment of trade receivables, impairment of prepayments, other receivables and other assets, impairment of contract assets, loss on disposal of items of property, plant and equipment, impairment of goodwill, gain/(loss) on revision of a lease term arising from a change in the non-cancellable period of a lease, depreciation of property, plant and equipment, amortization of non-current assets, depreciation of right-of-use assets, and share of loss of an associate; (ii) changes in inventories, contract costs, trade receivables, prepayments, deposits and other receivables, trade payables, contract liabilities, other payables and accruals, and deferred income; and (iii) adding interest received and excluding income tax paid.

In 2024, our net cash outflow from operating activities was RMB114.2 million, which was primarily attributable to cash used in operations of RMB111.9 million, adjusted to reflect: (i) an increase in trade receivables of RMB296.3 million, primarily due to the slowdown in macroeconomic development has holistically affected business operations of the customers from different industries, thereby affecting their liquidity and prolonging their settlement period; (ii) an increase in prepayments, deposits and other receivables of RMB113.4 million, primarily due to our prompt and advance payments to suppliers for resource acquisition ensure the stability and security of resources needed to meet the regular demands of high quality service from existing customers and address the projected increase in demand of new services from newly acquired customers; and (iii) an increase in trade payables of RMB117.4 million, primarily due to the pressures faced by the entire industry chain in which our customers operate, their cash collection efforts are impacting their operating cash inflow for our settlement. To address the nexus of cash flow velocity issues affecting both downstream and upstream operations across various industries, we have implemented cash flow management strategies and engaged in ongoing discussions with our suppliers to extend the credit period, thereby resulting in an increase in our trade payables.

In 2023, our net cash outflow from operating activities was RMB56.2 million, which was primarily attributable to cash used in operations of RMB41.1 million, adjusted to reflect: (i) an increase in trade receivables of RMB64.5 million, driven by our revenue growth and an increase in post-paid customers; (ii) an increase in our prepayments deposits and other receivables of RMB110.4 million; and (iii) an increase in contract liabilities of RMB30.0 million, primarily due to prepayments made to us by virtual goods customers.

In 2022, our net cash outflow from operating activities was RMB116.6 million, which was primarily attributable to cash used in operations of RMB101.6 million, adjusted to reflect: (i) an increase in trade receivables of RMB153.6 million, driven by the continued growth of our business and an increase in post-paid customers; (ii) an increase in prepayments, deposits and other receivables of RMB84.4 million primarily due to more prepayments made to suppliers to ensure that we receive a steady supply of telecommunications resources and strengthen our relationships with suppliers; and (iii) decrease in inventories of RMB8.8 million, primarily because we had yet to deliver certain project-based communications solutions to our customers at the end of 2021, and the cost of sales related to these projects were accounted for as inventories.

FINANCIAL INFORMATION

Measures Adopted to Improve Net Operating Cash Flow

Our ability to improve our net operating cash flow largely depends on our ability to enhance profitability. For the years ended December 31, 2022, 2023, and 2024, our gross profit demonstrated a gradual increase, namely RMB195.4 million, RMB195.6 million, and RMB203.0 million, respectively. We recorded a net operating cash inflow, with net cash from operating activities reaching RMB40.9 million as of April 30, 2025, a significant turnaround from the net cash outflow of RMB59.2 million in the corresponding period of the previous year.

In this regard, we have implemented and will continue to improve our net operating cash flow positions through the following measures:

- (i) effectively attracting and retaining our Large Customers to drive revenue growth and profitability;
- (ii) continuing to create value for Large Customers to explore additional commercialization opportunities that help us scale up our revenues and achieve profitability;
- (iii) effectively managing our costs and expenses by improving operational efficiency;
- (iv) optimizing our business composition to dedicate more resources to providing solutions with higher gross profit margins. For details of our plan to improve our financial performance, see “Business – Our Historical Business Focus and Optimization of Segment Composition”; and
- (v) continuously improving working capital management through proactive management of trade receivables, trade payables, and prepayments, along with deepened collaboration with our suppliers.

With our improving gross profit, we also expect our operating cash flow to improve concurrently. Moreover, we plan to enhance our working capital management efficiency to further improve our net operating cash flow positions. We intend to enhance our management of trade receivables by continually monitoring the credit profiles and operating and financial conditions of our customers, and proactively following up with them to ensure timely payments. For details, see “– Measures Taken to Enhance Collection Method” in this section.

We will increase the focus on trade receivable collection when evaluating the performance of our sales team. Additionally, as we build trust with our Large Customers and gain more bargaining power as our business develops, we will be able to negotiate shorter credit terms. We also expect to benefit from economies of scale as we grow, which will further improve our net operating cash flow positions.

FINANCIAL INFORMATION

Cash Flow from Investing Activities

Our cash flows from investing activities consist primarily of our purchase of and proceeds from the disposal of property, plant, and equipment, as well as investments in associates.

In 2024, our net cash outflow from investing activities was RMB0.3 million, which was primarily attributable to purchases of property, plant and equipment of RMB0.3 million.

In 2023, our net cash outflow from investing activities was RMB3.5 million, which was primarily attributable to: (i) purchases of property, plant, and equipment of RMB2.6 million; and (ii) an investment in an associate of RMB0.9 million.

In 2022, our net cash outflow from investing activities was RMB2.5 million, which was primarily attributable to: (i) purchases of property, plant, and equipment of RMB2.3 million; and (ii) an investment in an associate of RMB0.3 million.

Cash Flow from Financing Activities

In 2024, our net cash inflow from financing activities was RMB45.1 million, which was primarily attributable to: (i) new bank loans of RMB451.0 million; and (ii) a capital contribution from a non-controlling shareholder of RMB0.3 million, partially offset by (iii) repayment of bank loans of RMB398.4 million; (iv) lease payments of RMB4.1 million; (v) interest payments of RMB12.3 million; and (vi) a decrease in pledged deposits of RMB8.6 million.

In 2023, our net cash inflow from financing activities was RMB87.6 million, which was primarily attributable to: (i) new bank loans of RMB302.0 million, partially offset by (ii) repayment of bank loans of RMB193.5 million, (iii) lease payments of RMB3.9 million; (iv) interest payments of RMB8.4 million; and (v) an increase in pledged deposits of RMB8.6 million.

In 2022, our net cash inflow from financing activities was RMB122.2 million, which was primarily attributable to: (i) new bank loans of RMB175.5 million; and (ii) net proceeds from equity offering of RMB99.0 million, partially offset by (iii) repayment of bank loans of RMB139.0 million; (iv) lease payments of RMB7.8 million; and (v) interest payments of RMB5.6 million.

FINANCIAL INFORMATION

CURRENT ASSETS AND LIABILITIES

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

	As of December 31,			As of
	2022	2023	2024	April 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>
Current assets				
Inventories	3,090	3,072	1,926	5,090
Trade receivables	550,958	608,610	880,946	880,644
Contract assets	711	–	–	–
Prepayments, other receivables and other assets	366,102	476,974	567,981	624,544
Restricted cash	–	–	–	7,355
Pledged deposits	–	8,573	–	–
Cash and cash equivalents	48,781	76,699	7,286	34,174
Total current assets	969,642	1,173,928	1,458,139	1,551,807
Current liabilities				
Trade payables	92,195	84,694	202,133	266,072
Contract liabilities	23,185	53,205	51,225	50,662
Other payables and accruals	14,722	14,174	75,889	71,356
Bank and other borrowings	139,199	242,646	290,303	303,087
Lease liabilities	1,337	5,393	5,716	5,101
Tax payable	7,107	1,401	5,462	4,837
Total current liabilities	277,745	401,513	630,728	701,115
Net current assets	691,897	772,415	827,411	850,692

Our current assets slightly increased from RMB1,458.1 million as of December 31, 2024 to RMB1,551.8 million as of April 30, 2025, primarily due to increases in our prepayments, other receivables and other assets, trade receivables, and cash and cash equivalents. Our current liabilities increased from RMB630.7 million as of December 31, 2024 to RMB701.1 million as of April 30, 2025, primarily due to an increase in trade payables primarily due to prolonged payment period to suppliers. As a result of the foregoing, our net current assets increased to RMB827.4 million as of December 31, 2024 to RMB850.7 million as of April 30, 2025.

FINANCIAL INFORMATION

Trade Receivables

Our trade receivables primarily represent amounts due from customers for services performed in the ordinary course of business. As of December 31, 2022, 2023, and 2024, our trade receivables, net of impairment, totaled RMB551.0 million, RMB608.6 million, and RMB880.9 million, respectively, accounting for 56.8%, 51.8%, and 60.4% of our total current assets, respectively. Our trade receivables mainly derived from our post-paid customers of our cloud-based communications services and customers of our project-based communications solutions. See “Business — Our Services and Solutions — Cloud-based Communications Services — Revenue Model” and “Business — Our Services and Solutions — Project-Based Communications Solutions — Revenue Model”. The continued increase of our trade receivables was primarily due to our rather weak bargaining power with our customers, the need for long reconciliation processes and the slowing economy condition.

The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables derived from cloud-based communications services	544,317	620,509	908,205
Trade receivables derived from project-based communications solutions	12,561	7,639	7,483
Trade receivables derived from other communications services and accessories . .	31,783	24,961	33,698
Total trade receivables	588,661	653,109	949,386
Impairment	(37,703)	(44,499)	(68,440)
Trade receivables, net	550,958	608,610	880,946

As of December 31, 2023, and December 31, 2024, trade receivables are RMB653 million and RMB949 million, respectively, representing an increase of RMB296 million, or 45.33%, in the 2024 trade receivable balance.

The significant growth in trade receivables in 2024 is primarily attributable to extended payment cycles across our industry, driven by macroeconomic headwinds affecting our key customers. This trend is evidenced by the Company’s trade receivable turnover days, which increased by 28.77%, from 247.5 days in 2023 to 318.7 days in 2024. The extension of trade receivable turnover days indicates that the average collection period for revenue recognition has lengthened from approximately 8 months to about 10.5 months. This prolonged collection period applies to both newly acquired customers, who inherently have longer payment cycles, and existing customers, whose payment patterns have slowed compared to previous years.

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According to F&S, in light of market conditions in 2024, our major customer group, including many technology service providers, software and information technology companies, and telecommunications operators, has prolonged their payment terms to improve their cash flow, further affecting their payment cycles. However, since most of our customers are international or renowned TMT companies with generally good credit histories, our Directors believe that trade receivables aged within one year are substantially recoverable. Additionally, a portion of the 2023 year-end receivables carried over into 2024, collectively contributing to the increase in the year-end trade receivable balance.

The Company's Large Customers accounted for 88.26% of the total trade receivables. These 32 key customers consist of 13 newly acquired clients in 2024 and 19 recurring clients with established business relationships prior to 2024. In addition to the market conditions, we believe that (i) the consumption and repayment patterns of the new Large Customers Group and (ii) the nature of the virtual goods business have also contributed to the increase in trade receivables.

New Large Customers Group Attribution to the Increase in Trade Receivables

The Company has established business relationships with 13 new Large Customers during the period, which have contributed significantly to the growth in trade receivables. As of December 31, 2024, transactions with these new customers accounted for RMB354 million in trade receivables. Notably, five of these customers commenced transactions in the fourth quarter of 2024, representing RMB136.5 million or 14.4% of total trade receivables as of December 31, 2024. Within this new Large Customers group, three Large Customers initiated transactions in December 2024, contributing RMB76 million or 8.0% to the Group's trade receivables.

The increase in trade receivables from these new Large Customers is attributable to several factors:

- (i) **Timing of New Business Relationships:** The five Large Customers that began transactions in the fourth quarter of 2024 have outstanding receivables because the revenue generated from these relationships remains within the standard credit period. Given the relatively short duration since transaction initiation, payments from these customers have not yet come due, resulting in these amounts being carried as trade receivables at year-end; and
- (ii) **Flexible Payment Terms:** The flexible payment terms extended to new Large Customers have contributed to the increase. Our continuous efforts to attract new large customers and generate more revenue by offering more attractive and flexible payment terms as part of our customer acquisition strategies have resulted in a steady increase in trade receivables.

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Nature of the Virtual Goods Business and Its Illusory Impact on Trade Receivables and Revenue

Due to the unique nature of our virtual goods business, revenue is recognized on a net basis, reflecting only service fees from back-to-back transactions. In contrast, trade receivables are recorded at the gross procurement amount, which includes both the total value of virtual goods and the service fees. This accounting treatment creates a significant disparity between recognized revenue and trade receivable balances.

For the year ended December 31, 2024, virtual goods contributed only RMB18.5 million in recognized revenue, representing 2.01% of total revenue. However, the corresponding trade receivables from this business amounted to RMB453.6 million, accounting for 47.78% of total trade receivables. This discrepancy arises because revenue and trade receivables from the virtual goods business do not accurately reflect the Company's actual recoverable revenue. The total value of virtual goods is not directly linked to revenue generation; instead, it disproportionately inflates trade receivables without a corresponding increase in actual revenue.

Strong Recoverability Ability Substantiated by Repayment Patterns for the Large Customers Group

Throughout the Track Record Period, we have been able to retain most of our Large Customers who have contributed revenue of not less than RMB10 million in the corresponding financial year (each of them referred to as a “**Large Customer**” and collectively as the “**Large Customers Group**”). As the revenue contribution of the Large Customers Group has been no less than RMB10 million for the financial period, the revenue generated from them significantly contributes to the trade receivables. As of December 31, 2024, the Large Customers Group accounted for RMB837.9 million, or 88.2% of the total trade receivables. Among the 32 Large Customers, 19 are recurring customers and 13 are new customers.

Recoverability of the Large Customers Group

For the recurring 19 Large Customers, as of the Latest Practicable Date, they have substantially fully settled the outstanding balance of trade receivables as of December 31, 2023. These recurring customers have demonstrated a reliable and solid repayment pattern.

For the Large Customers Group, as of the Latest Practicable Date, the Large Customers Group has shown a consistent and stable repayment pattern to settle the balance of trade receivables as of December 31, 2024. Of the 32 Large Customers, nine customers, which contributed RMB175.3 million or 20.9% of the Large Customers Group's trade receivables, have fully settled their trade receivables. Eight customers, accounting for RMB226.3 million or 27.0% of the Large Customers Group's trade receivables, have settled more than half of their trade receivables. Twelve customers, representing RMB339.9 million or 40.6% of the Large Customers Group's trade receivables, have already commenced their payments. Only three customers, contributing RMB96.3 million or 11.5% of the Large Customers Group's trade

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receivables, have yet to begin their payments. We will implement various measures to enhance the collection effectiveness of trade receivables. For details, please refer to “– Measures Taken to Enhance Collection Methods” in this section.

Among the new 13 Large Customers, as of the Latest Practicable Date, all have initiated repayment to settle the outstanding balance of trade receivables as of December 31, 2024. Among these, two have fully settled their trade receivables and three have already settled more than half of their trade receivables, while the remaining eight have started making repayment for the trade receivable balance as of December 31, 2024.

Given that the Large Customers Group has demonstrated a reliable settlement pattern, we do not anticipate any material recoverability issues with the trade receivables from this group, which accounts for substantially all the trade receivables outstanding as of December 31, 2024, representing RMB837.9 million or 88.2% of the total trade receivables.

No Material Recoverability Issues with Trade Receivables Throughout the Track Record Period

As of May 30, 2025, RMB568.9 million or 96.6% and RMB625.9 million or 95.8% of our trade receivables outstanding balances as of December 31, 2022, and December 31, 2023, respectively, had been subsequently settled.

With reference to the past repayment patterns, aging, subsequent settlement rates, and cooperative relationships with customers, our Directors conclude that the outstanding trade receivable balance as of December 31, 2024, namely RMB844 million, or 95.8% of the trade receivables aged less than one year, is recoverable. The risk of impairment, aside from those provided for based on the expected credit loss model under IFRS 9, namely RMB68.4 million, is low. In addition to the stable and reliable repayment pattern of the Large Customers Group, we do not anticipate any material recoverability issues with the trade receivables for the following reasons, substantiated by qualitative and quantitative operational and financial information:

- (i) throughout the Track Record Period, we have not experienced any material recoverability issues in trade receivables;
- (ii) our trade receivables are typically derived from reputable Large Customers, and we usually cooperate with them on a recurring basis, being familiar with their credit profiles and business performance;
- (iii) trade receivables aged over one year account for immaterial portions of our accounts receivables as of the years ended December 31, 2022, 2023, and 2024, namely 3.3%, 2.4%, and 4.2%, respectively;

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- (iv) the actual write-offs charged against the trade receivable impairment provided were generally less than provisions for expected credit losses during the Track Record Period; and
- (v) the subsequent settlement rate for trade receivables as of December 31, 2024 has shown steady improvement, rising from RMB264.8 million, or 27.89% as of April 30, 2025, and further to RMB469.2 million, or 49.42% as of the Latest Practicable Date, demonstrating the reliability of repayment patterns and the effectiveness of our collection strategies.

Therefore, our Directors consider that there are no recoverability issues with respect to outstanding trade receivables as of December 31, 2024.

Sufficient Provisions Have Been Made to Trade Receivable

We believe sufficient provisions have been made on the trade receivables based on the payment pattern of our customers with similar risk profiles and the corresponding historical credit loss experienced, in particular for Large Customers. As of December 31, 2022, 2023, and 2024, our trade receivables impairment amounted to RMB37.7 million, RMB44.5 million, and RMB68.4 million, respectively. We adopt the applicable accounting standard IFRS 9 to measure the provisions for trade receivables and contract assets, and we calculate the expected credit losses based on the lifetime expected credit losses using an appropriate provision matrix. Our provision matrix is established based on our past credit and is adjusted for forward-looking factors for each debtors, economic conditions, and assessments of current and future conditions as of the reporting date, including the time value of money, where applicable.

We assess the expected credit losses of our trade receivables on a collective basis for the following reasons:

- (i) During the Track Record Period, all of our trade receivables are unsecured.
- (ii) Most of our revenue during the historical record period came from corporate organizations. Apart from the impairment losses for uncollectible trade receivables from individual customers, we have not identified any matters that would warrant considering the credit risk of any category of customers separately. For expected credit losses regarding our receivables, please refer to “Appendix 1 — Auditor’s Report — Note 18, Receivables.”

In light of our historical financial conditions, we believe that for trade receivable aged within one year, has high probability to recover, while trade receivable aged over three years are with relatively low probability. Therefore, we calculate expected credit losses (ECL) year by year and provides for full amount of impairment on receivables aged over three years. For trade receivable less than three years, the ECL is calculated based on the historical average probability of migration to the over-three-year aging category. We believe that a year by year

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calculation of ECL can accurately reflect the impairment on the aging of receivables. We generally apply a lower expected credit loss rate for trade receivables within one year and a higher expected credit loss rate for trade receivables over one year, for the following reasons:

- (i) Historically, our trade receivables within one year have a high recoverability. For example, as of December 31, 2022 and 2023, trade receivables within one year amounted to RMB541.8 million and RMB606.3 million, with recovery rates of 98% and 90% as of December 31, 2024, respectively;
- (ii) Historically, a large portion of receivables transitioned from one to two years to two to three years, mainly due to some of our customers requiring longer payment terms due to economic changes. The economic change also led them to settle only part of their receivables within one year. Therefore, the ECL rate for trade receivables between one and two years is higher than those within one year.

As of December 31, 2022, 2023, and 2024, our trade receivables derived from Important Customer Group customers in 2022, 2023, and 2024 that remained unsettled 15 days after issuing invoices amounted to RMB0.1 million, RMB1.3 million, and RMB47.5 million, respectively.

The table below sets forth an aging analysis of trade receivables, net of impairment losses, based on the invoice dates, as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year	533,040	593,749	843,939
Within one month	327,883	217,973	174,882
Two to three months	117,235	179,859	278,713
Four to six months	82,793	142,513	130,595
Seven to twelve months	5,129	53,404	259,749
One to two years	17,562	14,557	35,873
Two to three years	306	179	1,122
Over three years	50	125	12
Trade receivables, net	550,958	608,610	880,946

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Below sets forth the aging analysis of trade receivables of cloud-based communications services, net of impairment losses:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one month	318,485	210,455	165,233
Two to three months	106,490	174,237	271,704
Four to six months.	74,523	141,520	127,785
Seven to twelve months	2,777	51,147	257,526
Over one year	16,016	12,899	35,040
Total.	518,291	590,258	857,288

Below sets forth the aging analysis of trade receivables of project-based communications solutions, net of impairment losses:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one month	4,588	2,732	–
Two to three months	32	1,443	2,329
Four to six months.	4,775	241	146
Seven to twelve months	290	411	603
Over one year	1,465	335	727
Total.	11,150	5,162	3,805

Below sets forth the aging analysis of trade receivables of other communications services and accessories, net of impairment losses:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one month	4,810	4,786	9,649
Two to three months	10,713	4,179	4,680
Four to six months.	3,495	752	2,664
Seven to twelve months	2,062	1,846	1,620
Over one year	437	1,627	1,240
Total.	21,517	13,190	19,853

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Our trade receivables turnover days, calculated as the average of the opening and closing trade receivables balances of the indicated year divided by the revenue for the same year and multiplied by 365 days, were 230.7 days, 247.5 days, and 318.7 days, respectively. The continued increase in trade receivables turnover days was due to the following reasons: (i) The composition of our CPaaS segment has changed. Our efforts to optimize the composition of the CPaaS segment have focused on offering flexible payment terms to more customers from our CPaaS segment that yield higher gross profits and the attribution of the higher gross profit has increased its attribution to overall revenue which resulted in longer trade receivables turnover days; (ii) certain Large Customers entered into significant transactions during the fourth quarter of 2024, which contributed to the increase in trade receivable balances; (iii) there has been a change in the composition of the Large Customers Group which has different consumption pattern, i.e. virtual good services; and (iv) our credit terms for new customers have generally increased as we expanded our business operations with higher gross profit margins. For details, please refer to “— New Large Customers Group Attribution to the Increase in Trade Receivables” in this section.

For cloud-based communications services, as our customers may incur substantial number of requests for voice, messaging and mobile data services, they need more time to reconcile their internal records with our records in order to ascertain that they have been charged for the correct number of usages. For both cloud-based communications services and project-based communications solutions, before we issue invoices to our customers, we have to wait for a relatively long internal approval process by our customers’ internal departments, which can take weeks or even months. Furthermore, the slowdown of the macroeconomy also negatively affected our liquidity. Some of our customers reflected that their slow settlement process with us was partly due to their customers’ prolonged settlement.

Our Directors have examined the customers which had trade receivables with us exceeding RMB1 million as of December 31, 2024. These trade receivables in aggregated contributed 94.3% of the total gross trade receivables as of the same date. We believe that there are no recoverability issues with these trade receivable as of the Latest Practicable Date, except for the following:

- (i) Five customers with trade receivables in total of RMB11.0 million were supposed to recover through legal proceedings or arbitration proceedings. We have made provisions for these trade receivables in full. As of the Latest Practicable Date, RMB0.05 million were settled.
- (ii) Fifty-three customers with trade receivables in total of RMB5.1 million were unable to recover due to their liquidity issues and long billing periods. We have made provisions for these trade receivables in full as of the Latest Practicable Date.

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For the trade receivables as of December 31, 2023, we believe that there are no recoverability issues with these trade receivable as of December 31, 2024, except for the following:

- (i) Thirty-four customers with trade receivables in total of RMB2.1 million were unable to recover. We have made provisions for these trade receivables in full. As of the Latest Practicable Date, no settlement was made.
- (ii) Two customers with trade receivables in total of RMB3.5 million were supposed to recover through legal proceedings or arbitration proceedings. We have made provisions for these trade receivables in full. As of the Latest Practicable Date, RMB0.05 million were settled.

During the Track Record Period, our trade receivables of cloud-based communications services, net of impairment losses, continued to increase. Our cloud-based communications service comprises a substantial portion of our total trade receivables, net of impairment losses. Our cloud-based communications services are recurring in nature. Customers on one hand, continuously used our services during the Track Record Periods, which lead to more revenue recognized. On the other hand, a large portion of our trade receivables has not been settled timely pursuant to the contract terms with our customers. See “Business — Trade Receivables — General Terms of Contracts with Major Customers”. We lack strong bargaining power with some of our customers. This leads to our strategies to provide flexible payment and invoice issuance strategies to attract and retain customers. This power dynamic led to our long trade receivables turnover days during the Track Record Period. Our Directors are also aware of the liquidity risks due to the current flexible payment and invoice issuance strategies; and we seek to optimize the business segment composition to improve the current status. See “— Our Historical Business Focus and Optimization of Segment Composition” and “Risk Factors — Risks Relating to Our Financial Performance — We have experienced, and in the future may continue to experience, net operating cash outflows and an increase in trade receivables turnover days and prepayments, other receivables and other assets, which could expose us to liquidity risks.”

Our Directors are of the view that trade receivables are recoverable so long as customers are solvent and continuously settled payment with us. Our Directors are aware of the liquidity risks associated with this view. However, given that we lack strong bargaining power, refusal to give prolonged credit period in practice may lead to loss of customers and cash flow. This would be detriment to our financial condition and negatively impact our optimization of segment composition. we have implemented the below described measures starting from the fourth quarter in 2024 to alleviate the continued deteriorating settling condition of our trade receivables. Our Directors are also of the view that our prolonged trade receivable turnover days was also affected by the slowing economy condition caused by the COVID-19. Therefore, the recovery of macroeconomy in China would positively impact the settling condition of our trade receivables.

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Given that the cloud communications business contributes most of our revenue and trade receivables, we have implemented the following measures shorten the settlement period starting from the fourth quarter in 2024:

- (i). *Prefer customers with shorter payment cycles.* As part of the implementation of our customer acquisition strategies, we would identify customers who are willing to accept shorter payment terms. For customers who are willing to accept shorter payment terms, we will generally offer more value-added services and allocate more resources to attract those customers as part of our customer acquisitions strategies. We will also regularly revisit the credit terms for customers who constantly pay early to offer more favourable business terms.
- (ii). *More stringent payment terms for customers with significant trade receivables.* For customers who fail to pay us for over one year and the balance of its receivables exceeding RMB10 million, we will insist the customer settle 50% of its trade receivable with us before we can provide new additional services.
- (iii). *Incentivizing quicker settlement.* We intend to incentivize our customers to offer small percentage early payment discounts ranging from 1-3% to make payment before the due date, with the tentative target of settling within 60 days.
- (iv). *Scrutiny of payments progress and offer instalments for prompt settlement.* As different customers have different settlement patterns based on their internal policies and financial status, we will continue to scrutinize their payment progress and offer instalments payment to facilitate prompt payment from customers. We will key transparent and regular communication with customers on the payment status and progress.
- (v). *Set monthly collection targets.* We intend to establish a working group to set monthly trade receivable collection targets, with our sales personnel responsible for achieving these goals. We will also send regular follow-up reminders to customers for settling their payments when it is due and outstanding within a week if payment hasn't been received, and make sure they understand the payment terms and the outstanding amount for prominent settlement date. We will also assign more weight on collection performance in the evaluation of our sales team.

In addition, we have implemented the following assessment and review measures starting from the fourth quarter in 2024 for our customers of all our business segments:

- (i) credit assessments by our sales and marketing department on our new customers, based on our established customer credit assessment criteria. For each potential customer, we adopt a due diligence process to collect customer information through various channels and we would consider various factors, including, among others, the potential customer's reputation, their client base, existing liability condition, financial and other background information, for our assessment. Dedicated members

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of our sales and marketing department would assess and review the creditworthiness of each new customer from time to time. Based on the findings, we will approve and accept business from such customers in accordance with our credit policy;

- (ii) regular reviews on the payment history of our customers and the collection status of our trade receivables and we may adjust the credit period granted to such customers during renewal of the framework agreements;
- (iii) setting thresholds of certain credit periods of up to one year from the invoice date, and credit amounts of up to RMB10 million, depending on our transaction volume with customers and our customers' historical payment records and background. Such thresholds are subject to our regular reviews with reference to the outstanding amount due from customers and their collection status from time to time;
- (iv) monitoring the invoicing schedule and payment recovery process by project managers together with our finance department;
- (v) identifying new customers who would provide prepayments or accept a shorter credit period; and
- (vi) diversifying both our customer base and supplier base to avoid over-reliance on any particular customers and suppliers; and

Measures Taken to Enhance Collection Method

We have taken various measures since the fourth quarter of 2024 to enhance our collection efforts for trade receivables, including establishing management policies for receivables, regularly reviewing receivables by finance personnel, actively communicating with our customers regarding settlements, and issuing collection letters.

Additionally, after contract performance, we have intensified customer follow-ups to ensure timely payments. We have established a dedicated collection team, consisting of our legal affairs and financial personnel, to continuously monitor payment progress. This team, together with our business development personnel, communicates with customers regarding payment collection through WeChat, phone calls, making site visits or emails.

Our follow-up actions on overdue trade receivables include the following:

- (i) Active and regular communication between our sales department and customers regarding settlement dates, such as making telephone calls to remind them of invoice status, conducting sales visits, and sending payment reminders;
- (ii) assessing the recoverability of overdue trade receivables by our finance department and making adequate provisions for irrecoverable amounts in our financial statements;

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- (iii) collaborating with our legal team to assess the appropriate course of action and taking necessary legal actions after considering the amount of overdue receivables, the legal costs, and the probability of recovery; and
- (iv) suspending business dealings with customers who have significant outstanding trade receivables to improve capital management.

To further improve our collection situation, since the fourth quarter of 2024, we have established an internal credit record for our customers based on their business scale, cash flow situation, and past cooperation history with us.

For customers who do not respond to our second collection letter or have significant overdue payments, they will be classified as high-risk customers. Stricter policies will be implemented to ensure the collection of relevant payments, such as sending service termination warnings and taking legal actions if necessary.

Prepayments, Deposits and Other Receivables

The table below sets forth an analysis of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	345,697	452,055	512,482
Deposits	7,372	6,296	6,497
Other receivables	712	685	54,839
Prepaid corporate income tax	14	—	5
Prepaid value added tax	14,711	19,866	9,464
Others	—	—	8,995
Less: impairment	(2,404)	(1,928)	(24,301)
Total	366,102	476,974	567,981

Our prepayments primarily consist of prepayments to suppliers. Our prepayments increased by 30.8% from RMB345.7 million as of December 31, 2022, to RMB452.1 million as of December 31, 2023, and further increased by 13.4% to RMB512.5 million as of December 31, 2024. The increase in our prepayments was primarily because, as we continued to grow our cloud-based communications services and acquire customers with demand for high-quality services, we made more prepayments to suppliers to ensure that we receive a steady supply of telecommunications resources and strengthen our relationships with suppliers.

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Our current deposits primarily consist of our bidding deposits, rent deposits and deposits made to suppliers in connection with supply of telecommunications resources. Our deposits decreased by 14.9% from RMB7.4 million as of December 31, 2022 to RMB6.3 million as of December 31, 2023, primarily due to refund of rent deposits as a result of termination of a leasehold and refund of bidding deposits. Our deposits increased slightly to RMB6.5 million as of December 31, 2024, primarily due to refund of rent deposits as a result of termination of a leasehold and refund of bidding deposits and additional bidding projects deposit cost which required advanced deposits payment.

Our other receivables primarily consist of deposits and guarantee payments made to suppliers, including but not limited to bid bonds and performance guarantees. The increase in our other receivables to RMB54.8 million in 2024 was primarily due to the advance payment paid to our supplier, Beijing Yunxi, for the Yunxi Purchase Contract which has yet to be performed. For further details regarding this contract, please refer to the “Business — Legal Proceedings and Compliance — Legal Proceedings” section of this prospectus.

Our prepaid value-added tax primarily consist of our VAT prepayments made in connection with increased business activities. Our prepaid value-added increased from RMB14.7 million as of December 31, 2022 by 35.4% to RMB19.9 million as of December 31, 2023, primarily due to deferral of deduction of input VAT invoices and change of preferential tax policies. Our prepaid value-added tax further decreased significantly by 52.3% to RMB9.5 million as of December 31, 2024, uncertified VAT input tax invoices in previous years were certified to use and offset tax.

As of April 30, 2025, RMB260.6 million or 50.0% of our prepayments as of December 31, 2024 has been recognized as cost of sales. Our recognition rate of prepayments was negatively affected by the fact that (i) certain listing expenses paid in connection with the Global Offering and (ii) advance to suppliers for purchase of computational module for our customers.

As of April 30, 2025, RMB260.61 million, or 44.0% of the prepayments, other receivables and other assets as of December 31, 2024 has settled as cost of sales.

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Inventories

Our inventories include finished goods and contract cost. Finished goods refers to software and hardware which has not been allocated to a designated service or solution. Inventories also include contract costs, which are software and hardware costs as well as labor costs related to a specific contract. Inventories are stated at the lower of cost and net realizable value as stated in note 2.3 to the Accountant's Report in Appendix I to this prospectus. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Finished goods	1,932	2,097	1,033
Contract costs	1,158	975	893
Inventories	<u>3,090</u>	<u>3,072</u>	<u>1,926</u>

Our inventories accounted for an insignificant portion of our total assets. Our inventories remained steady at RMB3.1 million as of December 31, 2022 and 2023. Our inventories decreased to RMB1.9 million as of December 31, 2024, primarily due to certain project-based communications solutions projects have been delivered and accepted.

The table below sets forth our average inventory turnover days as of the dates indicated:

	For the year ended December 31,		
	2022	2023	2024
		<i>(in days)</i>	
Average inventory turnover days (overall) . . .	4.5	1.6	1.3

(1) Average inventory turnover days are calculated as the average of the opening and closing inventory balances of the indicated year divided by the cost of sales for the same year and multiplied by 365 days.

Inventories are utilized as our project-based communications solutions are delivered to and accepted by customers. As of April 30, 2025, RMB0.16 million or 8.47% of our inventories as of December 31, 2024, had been utilized.

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Contract Assets

Our contract assets arising from rights to consideration for work performed but not invoiced of project-based communications solutions. The table below sets forth a breakdown of our contract assets as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets	1,012	232	232
Less: impairment	(78)	(22)	(44)
Total	<u>934</u>	<u>210</u>	<u>188</u>

Our contract assets decreased significantly by 77.8% from RMB0.9 million as of December 31, 2022 to RMB0.2 million as of December 31, 2023, primarily due to delivery and acceptance of projects and the remaining warranty period of a project. Our contract assets remained stable at RMB0.2 million as of December 31, 2024.

As of April 30, 2025, none of our contract assets as of December 31, 2024 has been recognized as revenue.

Trade Payables

Our trade payables primarily consist of payables to our suppliers. Our trade suppliers generally grant us a credit period of up to three months from the date of billing. The table below sets forth our trade payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total trade payables	92,195	84,694	202,133

Our trade payables decreased by 8.1% from RMB92.2 million as of December 31, 2022 to RMB84.7 million as of December 31, 2023, primarily due to our timely settlements with suppliers to strengthen our relationship with them. Our trade payables as of December 31, 2024 increased significantly by 138.6% to RMB202.1 million, primarily due to the prolonged settlement period for downstream customer trade receivables, the Company has implemented cash flow management controls and maintained effective communication with relevant suppliers. As a result, trade payables to various suppliers have increased.

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The table below sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	71,526	59,502	172,815
One to two years	11,693	13,478	11,016
Two to three years	8,130	4,180	8,006
Over three years	846	7,534	10,296
Total.	<u>92,195</u>	<u>84,694</u>	<u>202,133</u>

The table below sets forth the average trade payables turnover days for the periods indicated:

	For the year ended December 31,		
	2022	2023	2024
	<i>(in days)</i>		
Trade payables turnover days⁽¹⁾	53.3	44.8	73.3

(1) Trade payables turnover days is calculated as the average of the opening and closing trade payables balances of the indicated year divided by the cost of sales for the same year and multiplied by 365 days.

Our trade payables turnover days decreased from 53.3 days in 2022 to 44.8 days in 2023 as we settled a large amount of payments for R&D suppliers. Our trade payables turnover days increased from 44.8 days in the 2023 to 73.3 days in 2024, primarily due to effective communication with suppliers to reach a consensus on extending the repayment terms and the credit period to our suppliers.

As of April 30, 2025, RMB38.2 million, or 18.8% of our trade payables as of December 31, 2024, had been subsequently settled. Our Directors confirm that during the Track Record Period, there has been no material default on trade and non-trade payables and borrowings, and/or breaches of covenants.

FINANCIAL INFORMATION

Contract Liabilities

Our contract liabilities arise from short-term advances received from customers. We receive payments from customers based on the billing schedule as established in contracts.

The table below sets forth a breakdown of our contract liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cloud-based communications services	14,299	42,688	37,426
Project-based communications solutions	4,248	8,956	13,545
Other communications services and accessories	4,638	1,561	254
Total	23,185	53,205	51,225

Our contract liabilities arising from cloud-based communications services increased by 198.6% from RMB14.3 million as of December 31, 2022 to RMB42.7 million as of December 31, 2023, primarily due to prepayments made to us by virtual goods customers. Such item decreased by 12.4% to RMB37.4 million as of December 31, 2024, primarily due to the increase of completed amount of work.

Our contract liabilities arising from project-based communications solutions increased by 114.3% from RMB4.2 million as of December 31, 2022 to RMB9.0 million as of December 31, 2023, primarily due to payment made for another large project before its delivery and acceptance. Our contract liabilities increased by 50% to RMB13.5 million as of December 31, 2024, primarily due to the scaling up of this business segment resulting in more uncompleted work.

Our contract liabilities arising from other communications services and accessories decreased by 65.2% from RMB4.6 million as of December 31, 2022 to RMB1.6 million as of December 31, 2023, primarily due to settlement of prepayments made by customers to purchase specialized mobile phones. Such item decreased by 81.3% to RMB0.3 million as of December 31, 2024, primarily due to the strategical scaling down of this business segment.

As of April 30, 2025, RMB21.9 million, or 42.75% of the contract liabilities as of December 31, 2024 has been recognized as revenue.

FINANCIAL INFORMATION

Other Payables and Accruals

The table below sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payroll Payable	5,166	5,059	7,765
Other tax payables	4,253	7,377	11,319
Deferred income	278	—	—
Other payables	<u>5,025</u>	<u>1,738</u>	<u>56,805</u>
Total.	<u>14,722</u>	<u>14,174</u>	<u>75,889</u>

Our other payables and accruals primarily consist of payroll payables, other tax payables, deferred income, and other payables. Payroll payable refers to labor costs to our employees. The payroll payables decreased by 2.1% from RMB5.2 million as of December 31, 2022 to RMB5.1 million as of December 31, 2023, remaining stable as the same assessment schedule has been adopted. Payroll payables increased by 52.9% to RMB7.8 million as of December 31, 2024, primarily due to the Company has adopted a different assessment schedule for determining bonus and incentive payments in 2024, and given that the Chinese New Year is relatively early compared to 2023, payroll payables have increased due to the revised implemented assessment timeframe.

Our other tax payables increased by 72.1% from RMB4.3 million as of December 31, 2022 to RMB7.4 million as of December 31, 2023 and further increased by 52.7% to RMB11.3 million as of December 31, 2024 primarily due to an increase in value-added tax derived from the increase in sales of solutions and projects.

Our other payables mainly comprise security deposits received from customers and borrowings from non-financial institutions. The increase in our other payables by a substantial percentage from RMB1.7 million to approximately RMB56.8 million in 2024 was primarily due to the advance payment received from the purchaser, Beijing Yakang for the Yakang Purchase Contract which has yet to be performed. For further details regarding this contract, please refer to the “Business — Legal Proceedings and Compliance — Legal Proceedings” section of this prospectus.

As of April 30, 2025, RMB0.2 million, or 0.4% of the other payables and accruals as of December 31, 2024 has been settled.

FINANCIAL INFORMATION

KEY ITEMS OF NON-CURRENT ASSETS AND LIABILITIES

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

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment	6,686	4,627	4,182
Right-of-use assets	1,363	12,171	7,687
Goodwill	5,120	3,894	–
Investment in an associate	–	727	–
Equity investment designated at fair value through other comprehensive income	2,491	975	–
Deferred tax assets	6,757	8,031	13,853
Contract assets	223	210	188
Total non-current assets	22,640	30,635	25,910
Non-current liabilities			
Lease liabilities	7	8,302	3,460
Bank and other borrowings	–	5,005	10,000
Deferred tax liabilities	82	–	5
Total non-current liabilities	89	13,307	13,465

Property, plant and equipment

During the Track Record Period, our property, plant and equipment consist of leasehold improvement, office equipment, electronics equipment and motor vehicles. Our property, plant and equipment decreased by 31.3% from RMB6.7 million as of December 31, 2022 to RMB4.6 million as of December 31, 2023, primarily due to depreciation. However, as of December 31, 2024, our property, plant and equipment decreased by 8.7% to RMB4.2 million, primarily due to the depreciation.

Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. During the Track Record Period, our right-of-use assets primarily consisted of leases for office spaces. Our right-of-use assets then increased substantially from RMB1.4 million as of December 31, 2022 to RMB12.2 million as of December 31, 2023, primarily due to new leaseholds. However, as of December 31, 2024, our right-of-use assets decreased by 36.9% to RMB7.7 million, primarily due to the decrease of lease cost.

FINANCIAL INFORMATION

Goodwill

We recognized goodwill primarily through business combinations with Huali Daxing. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Our goodwill decreased from RMB5.1 million as of December 31, 2022 to RMB3.9 million as of December 31, 2023 because Huali Daxing incurred loss in 2023. Goodwill further decreased to nil as of December 31, 2024, because Huali Daxing incurred loss in 2024 and the residual value of goodwill was fully impaired.

Equity investment designated at fair value through other comprehensive income (“FVOCI”)

Our equity investment designated at FVOCI represented unlisted equity investments irrevocably designated at fair value through other comprehensive income due to their long-term strategic nature. The table below sets forth our equity investment designated at FVOCI as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at fair value	2,491	975	–

Equity investment designated at FVOCI decreased from RMB2.5 million as of December 31, 2022 to RMB1.0 million as of December 31, 2023, and further decreased to nil as of December 31, 2024 primarily due to the impairment loss on our investment in Shenzhen Zhiyu Technology Co., Ltd.

The movements during the Track Record Period of the unlisted equity investment at level 3 fair value measurement is set out below:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of the period	3,148	2,491	975
Total loss recognised in other comprehensive income	(657)	(1,516)	(975)
At the end of the date	<u>2,491</u>	<u>975</u>	<u>–</u>

The Reporting Accountants have carried out necessary audit works in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on our historical financial information for the Track Record Period as a whole in Appendix I to this prospectus. The Reporting Accountants’ opinion on the Historical Financial Information is set out on page I-2 of Appendix I to this prospectus.

FINANCIAL INFORMATION

INDEBTEDNESS

The following table sets forth the balance and breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Bank and other borrowings	139,199	247,651	300,303	323,087
Lease liabilities	1,344	13,695	9,176	7,186
Total	140,543	261,346	309,479	330,273

Our borrowings comprise banking and other borrowings and lease liabilities. We incur borrowings to primarily finance our working capital. Certain of our bank and other borrowings with principal amounts of RMB28,570,000 is secured by the pledge of bank deposit with carrying amount of RMB8,573,000 as of December 31, 2023 which has been fully settled in 2024.

The other borrowings were provided by one corporate entity and two individual lenders, comprising an aggregate principal amount of RMB35 million. The enterprise's owner and both individual lenders are independent third parties who were introduced to Mr. Piao through mutual connections.

Certain of our bank and other borrowings are guaranteed by the shareholders or financing institutions as follows:

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Bank borrowings principal amount ⁽¹⁾	120,500	191,000	207,000	195,000
Bank borrowings principal amount ⁽²⁾	17,000	15,000	18,000	28,000
Bank borrowings principal amount ⁽³⁾	1,000	1,800	—	10,000

(1) These borrowings are guaranteed by Mr. Piao.

(2) These borrowings are guaranteed by certain third-party financing guarantee companies, and by Mr. Piao.

(3) These borrowings are guaranteed by certain shareholders other than Mr. Piao.

FINANCIAL INFORMATION

During the Track Record Period, Mr. Piao provided Founder's Guarantees which applied in our ordinary course of business. As of the Latest Practicable Date, we had an aggregate of approximately RMB234.5 million outstanding loans and draw down credit facilities guaranteed by Mr. Piao. There are no other outstanding loans and draw down credit facilities guaranteed by Mr. Piao's related parties. As of the Latest Practicable Date, our banking deposit balance amounted to approximately RMB50 million and several independent third-party commercial banks, taking into account the Group's credit history and current credit status, long business relationship, financial performance and the outlook of future macro-economic condition, confirmed they were willing to provide our Group in aggregate RMB190.0 million credit line facilities, without any assistance, guarantee or security from our single largest Shareholder, subject to regulatory requirements, negotiation of the detailed terms and the customary credit policies of such banks. For details of these Founder's Guarantees, see "Relationship with Our Single Largest Shareholder — Independence from Our Single Largest Shareholder".

In addition, the Group engages with four principal third-party financing guarantee providers: Company A, Company B, Company C, and Company D (collectively, the "Third Party Guarantee Providers") to provide guarantee on the bank borrowings based on the Group's credit and financial performance in the amount of RMB38.0 million, the said amount will not be released on or before the Global Offering.

Company A is a limited liability company established in 1997 under the laws of the PRC with a registered capital of RMB1,002.308 million, whose substantial shareholders are state-owned enterprises. Company B is a limited liability company established in 1999 under PRC laws with a registered capital of RMB4,963 million, with its substantial shareholders being primarily state-owned enterprises. Company C is a limited liability company established in 2012 under PRC laws with a registered capital of RMB700 million, owned by state-owned enterprise shareholders. Company D is a limited liability company established in 2013 under PRC laws with a registered capital of RMB143 million, similarly owned by state-owned enterprise shareholders.

Each of the Third Party Guarantee Providers principally engages in financing guarantee business. The Group engaged these entities to be financially stable and reliable counterparties due to their state-owned ownership structures and substantial registered capital bases.

Except as disclosed above, as of the Latest Practicable Date, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees. During the Track Record Period and up to the Latest Practicable Date, there was no material covenant on the Group's outstanding debt.

As of April 30, 2025, we had aggregate credit facilities and loans of RMB404.0 million, of which the principal amount of RMB293.0 million was utilized.

FINANCIAL INFORMATION

Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors also confirm that there has not been any material change in our indebtedness since April 30, 2025 and up to the date of this prospectus.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Capital Commitments

As of December 31, 2022, 2023, and 2024 and the Latest Practicable Date, we do not have any capital commitments.

Operating Lease Commitments

As of December 31, 2022, 2023, and 2024, we did not have any operating lease commitment that is not reflected in consolidated balance sheets. As of the Latest Practicable Date, we did not have any material operating lease commitment planned for 2024.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any off-balance sheet commitments or arrangements.

CAPITAL EXPENDITURES

As of December 31, 2022, 2023, and 2024 and the Latest Practicable Date, we did not have any material capital expenditures.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023, and 2024 and the Latest Practicable Date, we did not have any material contingent liabilities, guarantees or any litigation or claims of material importance, pending or threatened against us.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

	As of or for the year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current ratio ⁽¹⁾	3.5	2.9	2.3
Debt ratio ⁽²⁾	12.8%	23.4%	36.0%
Return on equity ⁽³⁾	10.7%	9.8%	6.3%
Gross profit margin ⁽⁴⁾	24.1%	21.4%	22.1%
Net profit margin ⁽⁵⁾	9.2%	8.4%	5.5%

- (1) Current ratio is calculated as current assets divided by current liabilities.
- (2) Debt ratio is calculated as net debt divided by total equity. Net debt equals bank borrowing plus lease liabilities minus cash and cash equivalents.
- (3) Return on equity is calculated as net profit attributable to the owners of the parent for the year divided by equity attributable to owners of the parent as at each relevant year.
- (4) Gross profit margin is calculated as gross profit for the year divided by revenue for the year.
- (5) Net profit margin is calculated as net profit for the year divided by revenue for the year.

Increase in our debt ratio as of December 31, 2022, 2023, and 2024 were in line with our increase in bank and other borrowings. Our continued increase in bank and other borrowings during the Track Record Period as primarily driven by the demand for capital to facilitate the ordinary expansion of our ordinary business operations and the corresponding general working capital needs. Decreases in our return on equity in 2022, 2023, and 2024 are generally in line with the decrease in net profits.

For discussion of our gross profit margin and net profit margin, see “— Components of Our Consolidated Statements of Profit or Loss”.

DIVIDENDS

We have not declared and paid dividends in 2022, 2023 and 2024. We do not have a formal dividend policy or a fixed dividend payout ratio. We may distribute dividends in the future by way of cash or by other means that we consider appropriate. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders. We may pay dividends only out of our accumulated profit and are not permitted to distribute any profits until any losses from prior fiscal years have been offset and statutory reserves for the current year have been drawn. However, there is no guarantee that we will declare and pay dividends in the future.

FINANCIAL INFORMATION

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are generally subject to credit risk and liquidity risk. See note 34 of the Accountants' Report.

DISTRIBUTIVE RESERVES

As of December 31, 2024, our Company had retained profits of RMB516.5 million.

NO MATERIAL ADVERSE CHANGE

The Directors have confirmed that there has been no material adverse change in our financial and trading position or prospects since December 31, 2024, being the date to which our latest audited consolidated financial statements have been prepared.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

We confirm that, as of the Latest Practicable Date, we are not aware of any circumstances that would give rise to a disclosure under Rules 13.13 to 13.19 of Chapter 13 of the Hong Kong Listing Rules.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately RMB41.8 million (assuming an Offer Price of HK\$14.35 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Over-allotment Option), of which approximately RMB41.6 million is directly attributable to the issue of our Offer Shares and will be deducted from equity, no listing expenses has been expensed in our consolidated statements of profit or loss during the Track Record Period and approximately RMB0.2 million is expected to be expensed after the Track Record Period. Our estimated listing expenses include: (i) underwriting-related expenses, representing underwriting commission and fees of approximately RMB8.9 million; (ii) Sponsor fee of approximately RMB7.2 million; and (iii) non-underwriting-related expenses, comprising professional fees to the legal advisors, Reporting Accountants and other professionals of approximately RMB22.5 million for their services rendered in relation to the Global Offering and the Listing, and other fees and expenses of approximately RMB3.2 million. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

FINANCIAL INFORMATION

IMPACT OF THE COVID-19 PANDEMIC

As of the Latest Practicable Date, COVID-19 pandemic had a negative impact on our business operations and financial performance. The operations and subsequent financial outcomes of our cloud-based communications services were largely insulated from the adverse effects of travel restrictions, given the online nature of our service offerings and transactions. Despite lockdowns and travel restrictions in China, our product utilization by customers remained consistent and undeterred. From 2022 to 2024, we experienced a fluctuation in revenue from our cloud-based communications services due to our scaling down of certain services and increase in market demands. Our prolonged trade receivable turnover days was also affected by the slowing economy condition caused by the COVID-19.

We have experienced weakened demand during the economic recovery from the effects of COVID-19 and slowing delivery and acceptance of project-based communications solutions caused by COVID-19. Our Director confirms that such delays did not have a material adverse impact on our business and results of operations.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$14.35 per Offer Share (being the mid-point of the Offer Price Range of between HK\$13.55 and HK\$15.15 per Offer Share), we estimate that we will receive net proceeds of approximately HK\$391.0 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised.

We intend to use net proceeds from the Global Offering for the following purposes:

- (a) approximately 45.4% (or HK\$177.5 million) is expected to be used for the continuous improvement and development of our services and solutions, including:
 - (i) approximately 25.6% (or HK\$99.9 million) is expected to be used over the next three years for upgrading existing cloud-based communications services and project-based communications solutions. China’s Contact Center SaaS market is expected to grow from RMB5.5 billion in 2024 to RMB9.5 billion in 2029 with a CAGR of 11.6%. According to the F&S Report, one of the market drivers is the deep integrations of technologies such as cloud computing and AI. They may enhance the intelligence level of contact centers. Contact Center SaaS utilizes general and specific LLMs to assist manual customer services through smart text bot, smart voice navigation, intelligent service quality check and assistance, among others, which reduces the costs in human resources and improves the response efficiency. According to the same report, for the project-based communications solutions market in China, the total revenue increased from RMB254.8 billion in 2020 to RMB404.1 billion in 2024, growing at a CAGR of 12.2%. In 2029, the total revenue of China’s project-based communications solutions market is expected to reach RMB576.0 billion, with a CAGR of 7.3% from 2024 to 2029. Technological innovation is a key driving force for the development of project-based communications solutions market. The rapid development of technologies, including 5G, IoT, AI, and cloud native, provides strong technical support for project-based communications solutions. For instance, AI is used in voiceprint recognition, image recognition and motion recognition, which enables the monitoring and analysis of user behaviors, thereby improving the intelligence level of communication solutions. Technological innovation not only greatly expands the application scope, but also significantly enhances user experience. Our revenue derived from Contact Center SaaS and project-based communications solutions contributed to only a small portion of our total

FUTURE PLANS AND USE OF PROCEEDS

revenue during the Track Record Period. We plan to seize the opportunities of future growth of the two markets and to train and apply specific LLMs by acquiring the specific LLM to apply in various business operations, amounting to 7.2 % (or HK\$28.3 million) to our CPaaS, Contact Center SaaS, project-based communications solutions, and RCS messages. Our Directors believe that Contact Center SaaS and project-based communications solutions offer higher gross profit margins compared to CPaaS services, and they have the potential to be significant growth drivers for our Company in the future. The application of specific LLMs will enable these services and solutions to provide more satisfactory responses to end users in both voice and text conversations. Specific LLMs are LLMs trained to enable better conversations tailored for a specific sector or use case. In addition, we plan to train voiceprint recognition models and motion recognition models for project-based communications solutions. In particular,

(A) approximately 3.5% (or HK\$13.5 million) is expected to be used for Contact Center SaaS and project-based communications solutions. We plan to apply specific LLMs by acquiring the specific LLM, amounting to 2.3% or (HK\$8.8 million), to train the models for conducting text conversations with end users. We plan to apply specific LLMs mainly to the following use cases:

Application Scenarios	Details of Application	Specific Model Types to Be Trained	Estimated Costs	Timetable by Quarters
Smart customer service and consultation	Citizens can interact with the smart customer service system via text or voice to inquire about city service information, such as traffic conditions, park opening hours, and community activities.	<ul style="list-style-type: none"> Four speech recognition models applicable to different application scenarios, which enable conversions of voice inputs to text. Five natural language understanding models applicable to different application scenarios, which enable analysis and understanding of declarant's intents. Four dialogue management models applicable to different application scenarios, which focus on responding to queries. Four natural language generation models applicable to different application scenarios, which convert processing results to natural language text. Five knowledge models applicable to different application scenarios, which construct a knowledge graph, which is used for generating responses to queries. 	HK\$4.5 million	<ul style="list-style-type: none"> First two quarters after receipt of the proceeds of the Global Offering: preparatory stage; The Subsequent five quarters: completion of training; The remaining five quarters: optimizing, upgrading the models based on customers' feedback and scenarios to which they apply.

FUTURE PLANS AND USE OF PROCEEDS

Application Scenarios	Details of Application	Specific Model Types to Be Trained	Estimated Costs	Timetable by Quarters
Public safety and emergency response . . .	In emergency situations, citizens can report incidents or seek help through text or voice to the smart system. Specific LLMs can quickly identify emergencies and trigger corresponding emergency response mechanisms, such as notifying relevant government departments and providing emergency assistance information.	<ul style="list-style-type: none"> • Four emergency situation recognition models, which analyze text content to identify whether it is an emergency situation or an incident report. • Four public dialogue management models, which interact with end users in the case of emergency to gather further information or provide initial guidance. • Five emergency response decision models, which together with natural language understanding model and emergency situation recognition model, generate the emergency response measures to be taken. • Five emergency knowledge models, which construct knowledge graphs containing information such as, emergency response procedures related, contact details, distribution of rescue resources to support emergency response decision-making. 	HK\$4.5 million	<ul style="list-style-type: none"> • First two quarters after receipt of the proceeds of the Global Offering: preparatory stage; • The subsequent five quarters: completion of training; • The remaining five quarters: optimizing, upgrading the models based on customers' feedback and scenarios to which they apply.
Cultural and tourism services. . . .	Specific LLMs can provide tourists with information on attractions, historical backgrounds, and cultural features. Tourists can interact with the tourist guide system via text conversation to obtain personalized travel advice and itinerary planning.	<ul style="list-style-type: none"> • Four text understanding models, which are used to understand tourists' queries. • Four information retrieval models, which retrieve information from a database based on tourists' queries. • Four text generation models, which generate responses. • Five cultural tourism knowledge models, which construct knowledge graphs containing information such as attraction's introduction, historical background, and cultural features. • Four cultural tourism dialogue management models, which ensure smooth interaction between tourists and the guidance system. 	HK\$4.5 million	<ul style="list-style-type: none"> • First two quarters after receipt of the proceeds of the Global Offering: preparatory stage; • The subsequent five quarters: completion of training; • The remaining five quarters: optimizing, upgrading the models based on customers' feedback and scenarios to which they apply.

(B) approximately 2.7% (or HK\$10.6 million) is expected to be used for Contact Center SaaS, agent assistance and quality inspection services. Specific LLMs can analyze transcribed conversations to provide suggestions for call agents and to help administrators supervise whether the agents are following the procedures and standards in providing customer support. We plan to train specific LLMs to help CPaaS by acquiring the specific LLM, amounting to 1.8% (or HK\$6.9 million) to generate SMS content. For RCS messages, we plan to use specific LLMs to assist end users and customers in automated text-based Q&A.

FUTURE PLANS AND USE OF PROCEEDS

- (C) in addition, we also plan to use approximately 3.2% (or HK\$12.4 million) to train voiceprint recognition models, image recognition models and motion recognition models, which could be used in project-based communications solutions. We plan to train these models which will be used in specific application scenarios, set forth as following:

Models to be trained	Application Scenario	Specific Model Types to Be Trained	Estimated Costs	Timetable by Quarters
Voiceprint recognition models	<ul style="list-style-type: none"> • Anti-bullying scenario – recognition of bullying related expression • Elderly care -recognition of voice and expressions, such as asking for help • Safety production – recognition of abnormal noise of equipment and send alarm 	<ul style="list-style-type: none"> • Five voice recognition models, which recognize speech content, including keywords that may indicate bullying behaviors. • Four sentiment analysis models, which analyze the emotional tendency in speech to identify emotions such as anger or threats, which may be related to bullying behaviors. • Four emotion recognition models which analyze changes in voice emotion to assess the emotional state of the elderly. • Five facial expression recognition models which analyze the expressions of the elderly to access emotional state of the elderly. • Four anomaly sound detection models, which identify abnormal sounds emitted by devices, such as noises of mechanical failure or alarm sounds. 	HK\$8.0 million	<ul style="list-style-type: none"> • First two quarters after receipt of the proceeds of the Global Offering: preparatory stage; • The Subsequent five quarters: completion of training; • The remaining five quarters: optimizing, upgrading the models based on customers' feedback and scenarios to which they apply.
Motion recognition models	<ul style="list-style-type: none"> • Campus safety – recognition of dangerous activities, such as a knife-carrying person • Elderly care -recognition of dangerous activities, such as falling down 	<ul style="list-style-type: none"> • Four basic recognition models which recognize basic elements in images, such as people and objects. • Five dangerous behavior recognition models which identify dangerous behaviors in school settings, such as holding a knife or fighting. • Five fall detection models which recognize emergencies like elderly individuals falling. 	HK\$2.2 million	<ul style="list-style-type: none"> • First two quarters after receipt of the proceeds of the Global Offering: preparatory stage; • The Subsequent five quarters: completion of training; • The remaining five quarters: optimizing, upgrading the models based on customers' feedback and scenarios to which they apply.
Image recognition models	<ul style="list-style-type: none"> • Safety production – recognition of special image, such as whether workers wearing helmet 	<ul style="list-style-type: none"> • Four transfer learning models, which were made by adjusting convolutional neural network models for specific tasks, such as quickly learning how to recognize whether a person wearing helmet. • The multi-label classification models which identify multiple objects simultaneously, such as workers, safety helmets, and other safety equipment. 	HK\$2.2 million	<ul style="list-style-type: none"> • First two quarters after receipt of the proceeds of the Global Offering: preparatory stage; • The Subsequent five quarters: completion of training; • The remaining five quarters: optimizing, upgrading the models based on customers' feedback and scenarios to which they apply.

FUTURE PLANS AND USE OF PROCEEDS

- (D) we plan to use approximately 16.2% (or HK\$63.4 million) to focus on developing programs for specific LLMs by acquiring the specific LLM, amounting to 3.2% (or HK\$12.6 million), to perform training, voiceprint recognition, image recognition and motion recognition and application over the next three years, employing developers, engineers, and product managers for a total of approximately 78 personnel. We plan to recruit 14 Java developers, three product managers and three testing engineers, totaling of 20 personnel, who will focus on CPaaS related developments. These potential employees should at least have five years of experience on their respective area. Their annual compensations range from RMB200,000 to RMB360,000, depending on their experience level. We plan to recruit 14 Java developers, three C++ developers, three product managers and three testing engineers, totaling of 23 personnel, who will focus on Contact Center SaaS related developments. These potential employees should at least have five years of experience on their respective area. Their annual compensations range from RMB200,000 to RMB420,000, depending on their experience level. We plan to recruit three project managers, two web frontend developers, four AI trainers, two iOS developers, two mini program and app developers, two user interface designers, eight Java and Go developers, two product managers, six algorithm engineers, three test engineers, and one C++ developer, totaling of 35 personnel, who focus on project-based communications solutions related developments. Their annual compensations range from RMB200,000 to RMB700,000, depending on their experience level.
- (ii) approximately 8.4% (or HK\$32.9 million) is expected to be used for purchasing and renting computing power to develop specific LLMs, voiceprint recognition models and motion recognition models, as well as purchasing or leasing GPUs. Specifically, over the next three years, we plan to purchase computing power and services from companies to train LLMs and recognition models for project-based communications solutions and cloud-based communications services.
- (iii) approximately 11.4% (or HK\$44.7 million) is expected to be used for outsourced research and development. Specifically, the outsourced research and development work will focus on (i) new project-based communications solutions and CSaaS for industries in which we have limited experience; and (ii) for RCS messages and project-based communications solutions, we will mandate external personnel to use our developed platform to conduct industry-specific scenario-based applications. We will outsource parts of our research projects that require significant manpower but have lower technical requirements.

FUTURE PLANS AND USE OF PROCEEDS

- (b) approximately 15.6% (or HK\$61.1 million) of the net proceeds will be used to expand sales channels, including:
- (i) approximately 5.7% (or HK\$22.3 million) is expected to be used for hiring personnel, partnerships, and media traffic purchases on new media platforms. Specifically, over the next three years, we plan to collaborate with multiple influencer accounts and SME agents online on live streaming platforms and short videos, or other online platforms, using their live streams and short videos to promote our smart badge voice interaction management project, psychological screening, anti-bullying monitoring system, and home emergency system for the elderly. On one hand, we plan to introduce our services and offerings through short videos, live-stream conversations, and a mix of text and images on new media platforms such as Xiaohongshu, Douyin, and WeChat. This approach will enable both customers and end users to understand our solutions. They can also engage in Q&A sessions during live streams to obtain information relevant to their interests. We will also purchase advertisements on new media platforms as well as on search engines, which typically charge us by the number of displays, to reach a wider audience. This approach will enable both customers and end users to understand our solutions. We believe the two approaches will promote our reputation among end users, such as parents, to create customer demands. On the other hand, we plan to partner with SME agents, which preferably have connections in certain industries. SME agents could promote our project-based communications solutions with local schools and corporate organizations. This strategy will supplement the coverage of our sale personnels. Their local connections can help us locate potential customers and facilitate communications with them. Depending on the different solutions, we adopt different strategies:

Solutions	Strategies and Target Customers
Smart badge voice interaction management project	<p>Primarily purchase advertisements on new media platforms and on search engines.</p> <p>Our target customers are in industries such as automotive, real estate, and retail, which typically involve in-person transactions and rely heavily on the performance of sales employees.</p>
Psychological screening and home emergency system for the elderly . .	<p>Both purchase advertisement and produce case studies, articles, short videos, and live-stream conversations on platforms such as WeChat, Douyin and Xiaohongshu.</p> <p>The potential customers can be government and corporate organizations in different industries.</p>

FUTURE PLANS AND USE OF PROCEEDS

Solutions	Strategies and Target Customers
Anti-bullying monitoring system	Find potential customers through SME agents. Promote reputation and create demand among parents and government officials by purchasing advertisement on new media platforms and search engines.
	Potential customer can be educational government branch and schools.

We plan to equally spend the proceeds in the next three years on the media traffic and advertisement on new media platforms and search engines. More than 50% of the proceeds will be used on Douyin, Xiaohongshu and short video accounts, with the rest on other platforms. At the same time, we plan to invest in sales and marketing to enhance brand awareness. These arrangements include holding exchange meetings and participating in industry seminars to strengthen our communication and connection with suppliers and customers.

- (ii) approximately 2.4% (or HK\$9.2 million) is expected to be used to hire approximately 18 sales personnel responsible for marketing on new media platforms and organizing the aforementioned promotional activities. We plan to complete the recruitment of 11 sales personnel by the end of 2026 and the rest in the next three years.
- (iii) approximately 7.6% (or HK\$29.6 million) is expected to be used for investment or joint ventures with target companies in the Southeast Asia market which operate in the same or similar industry as us. We plan to seek target companies in Vietnam, Malaysia and Indonesia over the next three years. The primary focus of these investments will not be on acquiring controlling stakes in the target companies. Instead, the strategy involves taking minority equity positions in local companies focused on CPaaS and Contact Center SaaS businesses, enabling the Company to build strategic partnerships and enhance its local market presence. The potential investment target ideally has over 100 employees and with annual revenue of over HK\$50 million. The Company believes the allocated proceeds will be able to cover the majority of the acquisition cost. We plan to establish a subsidiary in Hong Kong to handle our Southeast Asian expansion and hire five employees initially. We expect there to be over 100 target companies that meet the standards locally as of December 31, 2024. As of the Latest Practicable Date, no strategic partnerships or acquisition targets have been identified. Our Directors believe, based on our market research and field visits, that the Southeast Asia telecommunications market has significant potential for growth due to strong consumer demand, local population growth, and a relatively small number of prominent local telecommunication service providers. The Company aims to gain valuable

FUTURE PLANS AND USE OF PROCEEDS

operational experience in the local market. This will facilitate the gradual development of the Company's own localized operations while minimizing risk through strategic partnerships and local expertise. In particular, our Directors believe that Vietnam, Malaysia, and Indonesia are especially promising markets due to their cultural similarities to China, large local Chinese population, and relatively stable regulatory environment.

- (c) approximately 16.2% (or HK\$63.3 million) is expected to be used for acquisition in China. We plan to acquire companies that either have similar business to ours, or can provide hardware that supplements our current business. For entities that have similar business as us, we expect them to operate in the CPaaS, Contact Center SaaS or project-based communications solutions market. Potential suitable target company should be with revenue for more than RMB50.0 million per annum with approximately 50 employees. The potential target should possess proprietary technologies which focus on big data, cloud computing and encrypted cloud storage area. They should focus on providing industrial related and AI driven services and solutions. For entities which could provide hardware which supplements our business, we expect them to provide hardware which could be used as part of our project-based communications solutions, such as hardware to be used in the safety-related solutions. We plan to acquire targets with annual revenue exceeding RMB50 million and approximately 50 employees. Ideally, these factories should be located in Guangdong or Jiangsu. The target companies should possess the capability to produce hardware for our project-based communications solutions. Acquiring a hardware producer would enhance our ability to ensure timely delivery and maintain quality standards, compared to sourcing from third-party providers. Additionally, this acquisition could improve the gross profit margin of our project-based communications solutions and strengthen our ability to protect the related intellectual property. We expect there to be thousands of companies that meet the standards locally as of December 31, 2024. As of the Latest Practicable Date, no acquisition targets have been identified.

- (d) approximately 12.8% (or HK\$50.0 million) is expected to be used to repay our outstanding loans. Specifically, we plan to repay the following bank credits:

Name of Bank	Amount to repay	Maturity date of the borrowing (year/month/day)	Interest Rate (in percentage)	Purpose of the bank credit
Shanghai Bank, Beijing Branch	RMB10.0 million	2025/08/05	3.35	Working capital and general corporate use
Xiamen International Bank, Beijing Branch	RMB5.0 million	2025/09/23	4.50	Working capital and general corporate use
Hangzhou Bank, Beijing Branch	RMB5.0 million	2025/09/27	4.00	Working capital and general corporate use

FUTURE PLANS AND USE OF PROCEEDS

Name of Bank	Amount to repay	Maturity date of the borrowing (year/month/day)	Interest Rate (in percentage)	Purpose of the bank credit
Hui Shang Bank, Maanshan Branch . .	RMB3.0 million	2025/09/27	4.00	Working capital and general corporate use
Nanjing Bank, Beijing Branch	RMB10.0 million	2025/10/28	3.20	Working capital and general corporate use
China Everbright Bank, Beijing Branch	RMB6.0 million	2026/03/11	2.70	Working capital and general corporate use
Industrial Bank Co., Ltd., Beijing Branch	RMB6.7 million	2026/03/12	3.50	Working capital and general corporate use

- (e) approximately 10.0% (or HK\$39.1 million) is expected to be used for working capital and other general corporate purposes.

In the event that the Offer Price is set at the Maximum Offer Price or the Minimum Offer Price of the indicative Offer Price range and the Over-allotment Option is not exercised, the net proceeds of the Global Offering will increase or decrease by approximately HK\$23.5 million, respectively. To the extent that the net proceeds from the Global Offering are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

The net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) HK\$481.2 million (assuming an Offer Price of HK\$15.15 per Share, being the Maximum Offer Price), (ii) HK\$454.2 million (assuming an Offer Price of HK\$14.35 per Share, being the mid-point of the Offer Price Range) and (iii) HK\$427.2 million (assuming an Offer Price of HK\$13.55 per Share, being the Minimum Offer Price). In the event that the Over-allotment Option is exercised in full, we intend to apply the additional proceeds to the above purposes on a pro rata basis.

In the event that the actual amount of net proceeds is insufficient to cover our expenses for the above plans, we intend to fund the shortfall through various means, including cash generated from operations, bank loans, and other borrowings.

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our plans not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering. In the event of any material change in our use of net proceeds of the Global Offering from the purposes described above, we will timely issue a formal announcement.

FUTURE PLANS AND USE OF PROCEEDS

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we will only deposit the net proceeds into short-term interest-bearing accounts with licensed commercial banks and/or authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

UNDERWRITING

HONG KONG UNDERWRITERS

DBS Asia Capital Limited
China Securities (International) Corporate Finance Company Limited
Guoyuan Securities Brokerage (Hong Kong) Limited
CMBC Securities Company Limited
BOCI Asia Limited
China Industrial Securities International Capital Limited
Central China International Securities Co., Limited
Fosun International Securities Limited
ICBC International Securities Limited
Zinvest Global Limited
Huafu International Securities Limited
Winbull Securities International (Hong Kong) Limited
Long Bridge HK Limited
ZH Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 3,044,000 Hong Kong Offer Shares (subject to re-allocation described below) for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to:

- (a) the Listing Committee granting the listing of, and permission to deal in, our H Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked; and
- (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between the Overall Coordinators (for themselves and on behalf of the other Underwriters) and our Company),

the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) and our Company, the Global Offering will not proceed and will lapse.

UNDERWRITING

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been entered into and becoming unconditional and not having been terminated.

If there is any change to the offer size due to change in the number of Offer Shares initially offered in the Global Offering (other than pursuant to the exercise of the Over-allotment Option and/or reallocation mechanism as disclosed in this prospectus), or change to the Offer Price which leads to the resulting price falling outside the indicative Offer Price range as stated in this prospectus, or if our Company becomes aware that there has been a significant adverse change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our H Shares as prescribed under Rule 11.13 of the Listing Rules, we are required to cancel the Global Offering and relaunch the offer and issue a supplemental prospectus or a new prospectus.

Grounds for termination

The respective obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers for, the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may after consultation with and upon giving notice in writing to our Company, in their sole and absolute discretion terminate the Hong Kong Underwriting Agreement with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

- (a) there has come to the notice of the Overall Coordinators that:
 - (i) any statement contained in any of this prospectus, the formal notice to be published in connection with the Hong Kong Public Offering, any documents to be published or issued by our Company or the International Underwriters for the purpose of or in connection with the International Offering and/or any notices, announcements, advertisements, communications or other documents issued by our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the “**Relevant Documents**”) was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in any material respect, in the reasonable opinion of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

UNDERWRITING

- (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, the Price Determination Date and the Listing Date, constitute an omission that is material in the context of the Global Offering which gives or likely to give rise to any material liability of our Company; or
- (iii) any material breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplemental or amendment thereto, as applicable) (in each case, other than on the part of any of the Sole Sponsor, Overall Coordinators and the Underwriters); or
- (iv) any material event, act or omission which gives or is likely to give rise to any liability of any of our Company, our executive Directors and our single largest Shareholder (the “**Warrantors**”) pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or
- (v) any material change in results of operations or financial position or business prospects as stated in this prospectus of the Group as a whole; or
- (vi) any material breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties, agreements and undertakings to be given by the Warrantors respectively in terms set out in the Hong Kong Underwriting Agreement; or
- (vii) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the H Shares (including any additional H Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (viii) our Company withdraws this prospectus or the Global Offering; or
- (ix) any person named as expert of this prospectus (other than the Hong Kong Underwriters) has withdrawn its consent to being named in this prospectus or to the issue of this prospectus; or
- (x) that a petition or an order is presented for winding-up or liquidation of any Group Company or any Group Company makes any composition or arrangement with our creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of our Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of our Company or anything analogous thereto occurs in respect of our Company; or

UNDERWRITING

- (xi) a portion of the orders confirmed in the bookbuilding process, at the time the International Underwriting Agreement is entered into, have been withdrawn, terminated or cancelled, and such orders have not been covered or replaced by other orders, which would render it, in the Overall Coordinators' reasonable opinion, commercially impracticable or incapable to proceed with the Global Offering; or
 - (xii) any loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) in their reasonable opinion to be resulting in a material adverse effect; or
- (b) there shall develop, occur, exist or come into effect:
- (i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), H7N9, Middle East Respiratory Syndrome) in affecting Hong Kong, the PRC, the United States, or any other jurisdictions relevant to any Group Company or the Global Offering (the “**Specific Jurisdiction**”); or
 - (ii) any material adverse change or development involving a prospective material change, or any event or circumstance or series of events or circumstances likely to result in any material adverse change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in any of the Specific Jurisdictions; or
 - (iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) for over three consecutive trading days on any of the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange and the Shenzhen Stock Exchange; or

UNDERWRITING

- (iv) any new laws, or any change or development involving a prospective material adverse change in existing laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing laws by any court or other competent authority, in each case, in or affecting any of the Specific Jurisdictions; or
- (v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly on the Specific Jurisdictions; or
- (vii) a material change or development involving a prospective material change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in any of the Specific Jurisdictions or affecting an investment in the H Shares; or
- (viii) any material change or development involving a prospective material change in, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (ix) any material litigation or claim of any third party being threatened or instigated against any Group Company, any Warrantors or senior management of our Company; or
- (x) contravention by any member of the Group or any Director or any member of senior management of our Company of any applicable Laws, the Listing Rules or the CSRC Rules; or
- (xi) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or
- (xii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering; or

UNDERWRITING

- (xiii) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Global Offering; or
- (xiv) non-compliance of this prospectus, the CSRC Filings and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other Laws applicable to the Global Offering; or
- (xv) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other Relevant Documents pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange, the CSRC and/or the SFC; or
- (xvi) a valid demand for not less than HK\$10 million by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity,

which in each case individually or in aggregate in the reasonable opinion of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (a) has or is or will or may or could be expected to have a Material Adverse Effect; or
- (b) has or will or may have or could be expected to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or
- (c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with or to market the Global Offering on the terms and manner contemplated by this prospectus; or
- (d) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms in material respect or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

UNDERWRITING

Undertakings given to the Stock Exchange pursuant to the Listing Rules

By our Company

We have undertaken to the Stock Exchange that we shall not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to issue any such Shares or securities within six months from the Listing Date (whether or not such issue of Shares will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings given to the Hong Kong Underwriters

Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-Allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is 6 months after the Listing Date (the “**First Six-Month Period**”), we will not, without the prior written consent of the Sole Sponsor, the Sole Sponsor-Overall Coordinator, and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind (“**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or any other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any shares or other securities of our Company; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of H Shares or any other shares or securities of our Company, as applicable, or any interest in any of the

UNDERWRITING

foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any shares or other securities of our Company); or

- (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of H Shares or such other securities of our Company, or in cash or otherwise (whether or not the issue of H Shares or such other securities will be completed within the First Six-Month Period).

Underwriters' interest in our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, as of the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The International Offering

International Underwriting Agreement

In connection with the International Offering, we expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters

UNDERWRITING

would, subject to certain conditions, severally and not jointly, agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares initially being offered pursuant to the International Offering. See “Structure of the Global Offering — The International Offering”.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-Allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Overall Coordinators (for themselves and on behalf of the International Underwriters) from the Listing Date until 30 days from the last day for the lodging of applications under the Hong Kong Public Offer to require us to issue and allot up to an aggregate of 4,566,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Global Offering and at the Offer Price, to cover, among other things, any over-allocations in the International Offering, if any.

Commission and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission equal to 2.5% of the aggregate Offer Price of all the Offer Shares, including Offer Shares to be issued pursuant to the Over-Allotment Option (the “**Fixed Fees**”). Our Company may, at our sole and absolute discretion, pay to any or all the Underwriters and the Capital Market Intermediaries an incentive fee not exceeding 1.0% of the Offer Price of all the Offer Shares (including Offer Shares to be issued pursuant to the Over-Allotment Option) (collectively, the “**Discretionary Fees**”).

The ratio of Fixed Fees and Discretionary Fees payable to all Underwriters and the Capital Market Intermediaries is therefore approximately 58.2:41.8. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters (and not the Hong Kong Underwriters). No additional fee will be payable by our Company to the Underwriters and the Capital Market Intermediaries. The Sole Sponsor will, in addition, receive a fee acting as the sponsor to the Listing and will be reimbursed for their expenses.

Assuming the Over-Allotment Option, if any, is not exercised and based on an Offer Price of HK\$14.35 (being the mid-point of the stated range of the Offer Price between HK\$13.55 and HK\$15.15), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, AFRC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses, payable by our Company relating to the Global Offering, are estimated to amount in aggregate to HK\$45.8 million in total and are payable by us.

Indemnity

We have undertaken to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers,

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the Hong Kong Underwriters and the Capital Market Intermediaries (for themselves and on trust for its directors, supervisors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including liabilities under the U.S. Securities Act, losses arising from their performance of their obligations under the Underwriting Agreements and any breach by us of the Underwriting Agreements, as the case may be.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

Over-Allotment and Stabilization

Details of the arrangements relating to the stabilization and Over-Allotment Option, if any, are set forth in the sections headed “Structure of the Global Offering — Stabilization”, and “Structure of the Global Offering — Over-Allotment Option”.

Activities by the Syndicate Members

The Underwriters and their respective affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Underwriters and their respective affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Underwriters or their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities in relation with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group’s loans and other debt.

In relation to the H Shares, the activities of the Underwriters or their respective affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (the financing of which may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed

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derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Underwriters or their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to the issuance by the Underwriters or their respective affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period as described in the section headed “Structure of the Global Offering”. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Underwriters or their respective affiliates will be subject to certain restrictions, including the following:

- (a) the Underwriters or their respective affiliates (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Underwriters or their respective affiliates must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO which includes the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Underwriters or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking, derivative and other services to us, our affiliates or our Shareholders including cornerstone investors, for which the Underwriters or their respective affiliates have received or will receive customary fees and commissions.

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THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering of initially 3,044,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described below in the paragraph headed “The Hong Kong Public Offering”; and
- the International Offering of initially 27,396,000 Offer Shares (subject to reallocation and the Over-Allotment Option as described below) outside the United States (including to professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S as described below in the paragraph headed “The International Offering”.

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or
- apply for or indicate an interest for the International Offer Shares under the International Offering,

but may not do both.

The 30,440,000 Offer Shares in the Global Offering will represent approximately 25.0% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of our enlarged share capital immediately following the completion of the Global Offering.

References to applications, application monies or procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering for subscription by the public in Hong Kong 3,044,000 Offer Shares, representing 10.0% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-Allotment Option is not exercised.

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The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth below in “Conditions of the Global Offering”.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools (subject to the reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering referred to below):

- Pool A: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million or less (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee payable); and
- Pool B: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million and up to the total value of pool B (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong

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Kong Public Offering and any application for more than 1,522,000 Hong Kong Offer Shares (being 50% of the 3,044,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation at the discretion of the Overall Coordinators, subject to the following:

- (a) where the International Offer Shares are fully subscribed or oversubscribed:
 - (i) if the Hong Kong Offer Shares are undersubscribed, the Overall Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate;
 - (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 3,044,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering in accordance with Chapter 4.14 under the Guide for New Listing Applicants published by the Stock Exchange, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 6,088,000 Offer Shares, representing double of the total number of the Offer Shares initially available under the Hong Kong Public Offering;
 - (iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering in accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules, so that the total number of Hong Kong Offer Shares will be increased to 9,132,000 Offer Shares (in the case of (1)), 12,176,000 Offer Shares (in the case of (2)) and 15,220,000 Offer Shares (in the case of (3)), representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively;

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- (b) where the International Offer Shares are undersubscribed:
- (i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements; and
 - (ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 3,044,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 6,088,000 Offer Shares, representing double of the total number of the Offer Shares initially available under the Hong Kong Public Offering.

In the event of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the Offer Price range (i.e. HK\$13.55 per Offer Share) according to Chapter 4.14 under the Guide for New Listing Applicants published by the Stock Exchange.

In all cases of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), maximum price of HK\$15.15 per Offer Share in addition to brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% on each Offer Share, amounting to a total of HK\$7,651.39 for one board lot of 500 H Shares. If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in the paragraph headed "Pricing and Allocation", is less than the maximum price of HK\$15.15 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. For further details, see the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

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THE INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Offering 27,396,000 Offer Shares, representing 90% of the Offer Shares under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the International Offering will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-Allotment Option is not exercised.

Allocation

The International Offer Shares will include selective marketing of Offer Shares to professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “*book-building*”, is expected to continue up to the Price Determination Date.

Allocation of the International Offer Shares pursuant to the International Offering will be determined by the Overall Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell its H Shares, after the Listing. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any applications of Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement as described above in the paragraph headed “The Hong Kong Public Offering — Reallocation” or the Over-Allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

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OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-Allotment Option to the International Underwriters.

Pursuant to the Over-Allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to 4,566,000 H Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things (such as effecting the permitted stabilizing actions as set out in the section headed “Stabilization” below), cover over-allocations in the International Offering, if any.

If the Over-Allotment Option is exercised in full, the additional H Shares to be issued pursuant thereto will represent approximately 3.6% of our enlarged issued share capital immediately following the completion of the Global Offering. In the event that the Over-Allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of our H Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or its affiliates or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or its affiliates or any person acting for it) and in what the Stabilization Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our H Shares, (ii) selling or agreeing to sell our H Shares so as to establish a short position in them for the purpose of preventing or

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minimizing any reduction in the market price of our H Shares, (iii) purchasing, or agreeing to purchase, our H Shares pursuant to the Over-Allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our H Shares for the sole purpose of preventing or minimizing any reduction in the market price of our H Shares, (v) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in H Shares should note that:

- the Stabilizing Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or its affiliates or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager (or its affiliates or any person acting for it) and selling in the open market may have an adverse impact on the market price of the H Shares;
- no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period, which will begin on the Listing Date and is expected to expire on Sunday, August 3, 2025, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the H Shares, demand for the H Shares, and therefore the price of the H Shares, could fall;
- the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price, which means that stabilizing bids or transactions effected may be made at a price below the price paid by applicants for, or investors in, the Offer Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 4,566,000 H Shares, representing up to 15% of the initial Offer Shares, through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the consideration for the Offer Shares allocated to such investor will be settled before the Listing Date. Both the size of such cover and the extent to which the Over-Allotment Option can be exercised will depend on whether arrangements can be made with investors such that a

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sufficient number of H Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilizing actions will be undertaken by the Stabilizing Manager and the Over-Allotment Option will not be exercised.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

OVER-ALLOCATION

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by (among other methods) exercising the Over-Allotment Option in full or in part, using H Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price.

PRICING AND ALLOCATION

Our Company, the Overall Coordinators (for themselves and on behalf of the Underwriters) will determine the Offer Price and sign an agreement on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Monday, July 7, 2025.

The Offer Price will not be more than HK\$15.15 per Offer Share and is expected to be not less than HK\$13.55 per Offer Share, unless otherwise announced, as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you may be required to pay the maximum price of HK\$15.15 per Offer Share (subject to application channels), plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK\$7,651.39 for one board lot of 500 H Shares.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$15.15, we will refund the respective difference, including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee attributable to the surplus application monies (subject to application channels). We will not pay interest on any refunded amounts. For more details, see the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

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The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to publish on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.commchina.net (the contents of the websites do not form a part of this prospectus) an announcement, cancel the Global Offering and relaunch the Global Offering at the revised number of the Offer Shares and/or the revised Offer Price range together with a supplemental prospectus or a new prospectus (as appropriate) as the process under Rule 11.13 of the Listing Rules will apply and, complete the requisite associated settlement processes on the FINI platform afresh. Upon issue of such announcement or supplemental prospectus or new prospectus (as appropriate), the number of the Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive, and the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement or supplemental prospectus or new prospectus (as appropriate) of a reduction in the number of the Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such announcement or cancellation and relaunch of the Global Offering (together with a supplemental prospectus or a new prospectus (as appropriate)), the Offer Price, if agreed upon with our Company and the Overall Coordinators, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

In the event of a reduction in the number of Offer Shares, the Overall Coordinators may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-Allotment Option is not exercised).

The final Offer Price, the level of indication of interest in the International Offering, the basis of allotment of Offer Shares available under the Hong Kong Public Offering and the Hong Kong identification document numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in “How to Apply for Hong Kong Offer Shares — B. Publication of Results”.

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CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on:

- the Listing Committee granting approval for the listing of, and permission to deal in our H Shares in issue and to be issued as described in this prospectus (including the Offer Shares which may be issued pursuant to the exercise of the Over-Allotment Option);
- the Offer Price having been agreed between us, the Overall Coordinators (for themselves and on behalf the Underwriters);
- the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Wednesday, July 30, 2025, being the 30th day after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us on or before 12:00 noon on Monday, July 7, 2025, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on the website of the Stock Exchange at www.hkexnews.hk and our website at www.commchina.net on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies”. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

STRUCTURE OF THE GLOBAL OFFERING

UNDERWRITING AGREEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other conditions, the Overall Coordinators (for themselves and on behalf of the Underwriters) and us agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

Certain terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed “Underwriting”.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, July 9, 2025, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, July 9, 2025.

The H Shares will be traded in board lots of 500 H Shares each.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.commchina.net. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online through the **HK eIPO White Form** service at www.hkeipo.hk; or
- (2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this Prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address (*for the **HK eIPO White Form** service only*).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director, Supervisor or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, June 30, 2025 and end at 12:00 noon on Friday, July 4, 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	www.hkeipo.hk	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, June 30, 2025 to 11:30 a.m. on Friday, July 4, 2025, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Friday, July 4, 2025, Hong Kong time.
HKSCC EIPO channel .	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would <u>not</u> like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants	For Corporate Applicants
<ul style="list-style-type: none"> • Full name(s)² as shown on your identity document • Identity document's issuing country or jurisdiction • Identity document type, with order of priority: <ul style="list-style-type: none"> i. HKID card; or ii. National identification document; or iii. Passport; and • Identity document number 	<ul style="list-style-type: none"> • Full name(s)² as shown on your identity document • Identity document's issuing country or jurisdiction • Identity document type, with order of priority: <ul style="list-style-type: none"> i. LEI registration document; or ii. Certificate of incorporation; or iii. Business registration certificate; or iv. Other equivalent document; and • Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint account holders on FINI is capped at 4^(Note) in accordance with market practice.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

Note: Subject to change, if the Company's Articles of Association and applicable company law prescribe a lower cap.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size. 500 H Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment

Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$15.15 per H Share.

If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment
	HK\$		HK\$		HK\$		HK\$
500	7,651.39	8,000	122,422.30	70,000	1,071,195.14	600,000	9,181,672.66
1,000	15,302.79	9,000	137,725.08	80,000	1,224,223.02	700,000	10,711,951.43
1,500	22,954.17	10,000	153,027.88	90,000	1,377,250.90	800,000	12,242,230.20
2,000	30,605.58	15,000	229,541.82	100,000	1,530,278.78	900,000	13,772,508.98
2,500	38,256.97	20,000	306,055.75	150,000	2,295,418.17	1,000,000	15,302,787.76
3,000	45,908.37	25,000	382,569.70	200,000	3,060,557.56	1,200,000	18,363,345.30
3,500	53,559.76	30,000	459,083.63	250,000	3,825,696.93	1,522,000 ⁽¹⁾	23,290,842.95
4,000	61,211.15	35,000	535,597.58	300,000	4,590,836.33		
4,500	68,862.54	40,000	612,111.51	350,000	5,355,975.71		
5,000	76,513.94	45,000	688,625.45	400,000	6,121,115.10		
6,000	91,816.73	50,000	765,139.39	450,000	6,886,254.49		
7,000	107,119.51	60,000	918,167.26	500,000	7,651,393.88		

- (1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant’s stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Relevant Persons, the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed “— G. Personal Data — 3. Purposes” and “— G. Personal Data — 4. Transfer of personal data” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “— B. Publication of Results” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares” in this section;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xiii) confirm that (a) your application or HKSCC Nominees’ application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

HOW TO APPLY FOR HONG KONG OFFER SHARES

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform	Date/Time
Applying through the HK eIPO White Form service or HKSCC EIPO channel:	
<p>Website From the “Allocation Results” page at www.hkeipo.hk/IPOResult (or www.tricor.com.hk/ipo/result) with a “search by ID” function.</p> <p>The full list of (i) wholly or partially successful applicants using the HK eIPO White Form service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result.</p> <p>The Stock Exchange’s website at www.hkexnews.hk and our website at www.commchina.net which will provide links to the above mentioned websites of the H Share Registrar.</p>	<p>24 hours, from 11:00 p.m. on Tuesday, July 8, 2025 to 12:00 midnight on Monday, July 14, 2025 (Hong Kong time)</p> <p>No later than 11:00 p.m. on Tuesday, July 8, 2025 (Hong Kong time)</p>
<p>Telephone . . . +852 3691 8488 — the allocation results telephone enquiry line provided by the H Share Registrar.</p>	<p>between 9:00 a.m. and 6:00 p.m., from Wednesday, July 9, 2025 to Monday, July 14, 2025 (Hong Kong time) on a business day</p>

For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Monday, July 7, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Monday, July 7, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offer, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.commchina.net by no later than 11:00 p.m. on Tuesday, July 8, 2025 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believes that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted H Shares

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

HOW TO APPLY FOR HONG KONG OFFER SHARES

H Share certificates will only become valid at 8:00 a.m. on Wednesday, July 9, 2025 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting” has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	<u>HK eIPO White Form service</u>	<u>HKSCC EIPO channel</u>
Despatch/collection of H Share certificate^{Note}		
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant’s stock account. No action by you is required
	Time: 9:00 a.m. to 1:00 p.m. on Wednesday, July 9, 2025 (Hong Kong time)	
	If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation’s chop.	

HOW TO APPLY FOR HONG KONG OFFER SHARES

HK eIPO White Form service

HKSCC EIPO channel

Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

Note: If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.

For application of less than 1,000,000 Hong Kong Offer Shares

Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk.

Date: Tuesday,
July 8, 2025

Refund mechanism for surplus application monies paid by you

Date	Wednesday, July 9, 2025	Subject to the arrangement between you and your broker or custodian
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Responsible party	H Share Registrar	Your broker or custodian
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Application monies paid through single bank account	HK eIPO White Form e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
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HOW TO APPLY FOR HONG KONG OFFER SHARES

	HK eIPO White Form service	HKSCC EIPO channel
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

Note: Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an “extreme conditions” announcement issued after a super typhoon in force in Hong Kong in the morning on Tuesday, July 8, 2025 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “— E. Severe Weather Arrangements” in this section.

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Friday, July 4, 2025 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions, (collectively, “**Severe Weather Signals**”), in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 4, 2025.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable”, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.commchina.net of the revised timetable.

If a **Severe Weather Signal** is hoisted on Tuesday, July 8, 2025, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Wednesday, July 9, 2025.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If a **Severe** Weather Signal is hoisted on Tuesday, July 8, 2025, for application of less than 1,000,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, July 8, 2025 or on Wednesday, July 9, 2025).

If a **Severe** Weather Signal is hoisted on Wednesday, July 9, 2025, for application of 1,000,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar's office after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, July 9, 2025 or on Thursday, July 10, 2025).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed “Corporate Information” or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING XUNZHONG COMMUNICATION TECHNOLOGY CO., LTD. AND DBS ASIA CAPITAL LIMITED

Introduction

We report on the historical financial information of Beijing Xunzhong Communication Technology Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-62, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-3 to I-62 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 30, 2025 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
30 June 2025

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
REVENUE	5	809,743	915,630	917,606
Cost of sales		(614,358)	(719,986)	(714,613)
Gross profit		195,385	195,644	202,993
Other income and gains	5	26,912	9,849	4,003
Selling expenses		(21,407)	(23,149)	(19,594)
Administrative expenses		(46,999)	(39,712)	(34,079)
Research and development expenses		(45,719)	(40,525)	(38,072)
Impairment losses on financial assets, contract assets and other assets		(13,254)	(6,268)	(46,336)
Other expenses and losses		(187)	(2,396)	(5,188)
Finance costs	7	(5,802)	(8,335)	(12,303)
Share of losses of an associate		(623)	(173)	(22)
PROFIT BEFORE TAX	6	88,306	84,935	51,402
Income tax expenses	10	(13,646)	(8,351)	(760)
PROFIT FOR THE YEAR		<u>74,660</u>	<u>76,584</u>	<u>50,642</u>
Attributable to:				
Owners of the parent		75,972	77,621	53,545
Non-controlling interests		<u>(1,312)</u>	<u>(1,037)</u>	<u>(2,903)</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	12	<u>0.85</u>	<u>0.85</u>	<u>0.59</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	<u>74,660</u>	<u>76,584</u>	<u>50,642</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Equity investment designated at fair value through other comprehensive income:			
Changes in fair value	(657)	(1,516)	(975)
Income tax effect	<u>99</u>	<u>227</u>	<u>146</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(558)</u>	<u>(1,289)</u>	<u>(829)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>74,102</u>	<u>75,295</u>	<u>49,813</u>
Attributable to:			
Owners of the parent	75,414	76,332	52,716
Non-controlling interests	<u>(1,312)</u>	<u>(1,037)</u>	<u>(2,903)</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31 December	31 December	31 December
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	6,686	4,627	4,182
Right-of-use assets	14(a)	1,363	12,171	7,687
Goodwill	15	5,120	3,894	–
Investment in an associate	16	–	727	–
Equity investment designated at fair value through other comprehensive income	16	2,491	975	–
Deferred tax assets	26	6,757	8,031	13,853
Contract assets	19	223	210	188
Total non-current assets		22,640	30,635	25,910
CURRENT ASSETS				
Inventories	17	3,090	3,072	1,926
Trade receivables	18	550,958	608,610	880,946
Contract assets	19	711	–	–
Prepayments, other receivables and other assets	20	366,102	476,974	567,981
Pledged deposits	21	–	8,573	–
Cash and cash equivalents	21	48,781	76,699	7,286
Total current assets		969,642	1,173,928	1,458,139
CURRENT LIABILITIES				
Trade payables	22	92,195	84,694	202,133
Contract liabilities	23	23,185	53,205	51,225
Other payables and accruals	24	14,722	14,174	75,889
Bank and other borrowings	25	139,199	242,646	290,303
Lease liabilities	14(b)	1,337	5,393	5,716
Tax payable		7,107	1,401	5,462
Total current liabilities		277,745	401,513	630,728
NET CURRENT ASSETS		691,897	772,415	827,411
TOTAL ASSETS LESS CURRENT				
LIABILITIES		714,537	803,050	853,321

		31 December	31 December	31 December
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Lease liabilities	14(b)	7	8,302	3,460
Bank and other borrowings	25	–	5,005	10,000
Deferred tax liabilities	26	82	–	5
Total non-current liabilities		89	13,307	13,465
Net assets		714,448	789,743	839,856
EQUITY				
Equity attributable to owners of the parent				
Share capital	27	91,314	91,314	91,314
Reserves	28	620,580	696,912	749,628
		711,894	788,226	840,942
Non-controlling interests		2,554	1,517	(1,086)
Total equity		714,448	789,743	839,856

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

		Attributable to owners of the parent							
		Share capital	Capital reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Reserve funds	Retained profits	Total	Non-controlling interest	Total equity
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022		84,694	166,484	(1,574)	42,864	244,969	537,437	3,866	541,303
Profit for the year		–	–	–	–	75,972	75,972	(1,312)	74,660
Other comprehensive loss for the year:									
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax		–	–	(558)	–	–	(558)	–	(558)
Total comprehensive income for the year		–	–	(558)	–	75,972	75,414	(1,312)	74,102
Transfer from retained profits		–	–	–	9,705	(9,705)	–	–	–
Issuance of ordinary shares	27	6,620	92,423	–	–	–	99,043	–	99,043
At 31 December 2022		91,314	258,907*	(2,132)*	52,569*	311,236*	711,894	2,554	714,448

Year ended 31 December 2023

	Attributable to owners of the parent							
	Share capital	Capital reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Reserve funds	Retained profits	Total	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	91,314	258,907	(2,132)	52,569	311,236	711,894	2,554	714,448
Profit for the year	–	–	–	–	77,621	77,621	(1,037)	76,584
Other comprehensive loss for the year:								
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax	–	–	(1,289)	–	–	(1,289)	–	(1,289)
Total comprehensive income for the year	–	–	(1,289)	–	77,621	76,332	(1,037)	75,295
Transfer from retained profits	–	–	–	7,357	(7,357)	–	–	–
At 31 December 2023	91,314	258,907*	(3,421)*	59,926*	381,500*	788,226	1,517	789,743

Year ended 31 December 2024

	Attributable to owners of the parent							Total equity
	Share capital	Capital reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Reserve funds	Retained profits	Total	Non-controlling interest	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	91,314	258,907	(3,421)	59,926	381,500	788,226	1,517	789,743
Profit for the year	–	–	–	–	53,545	53,545	(2,903)	50,642
Other comprehensive loss for the year:								
Changes in fair value of equity investment at fair value through other comprehensive income, net of tax	–	–	(829)	–	–	(829)	–	(829)
Total comprehensive income for the year	–	–	(829)	–	53,545	52,716	(2,903)	49,813
Transfer from retained profits . .	–	–	–	2,040	(2,040)	–	–	–
Capital contribution from a non-controlling shareholder	–	–	–	–	–	–	300	300
At 31 December 2024	<u>91,314</u>	<u>258,907*</u>	<u>(4,250)*</u>	<u>61,966*</u>	<u>433,005*</u>	<u>840,942</u>	<u>(1,086)</u>	<u>839,856</u>

* These reserve accounts comprise the consolidated reserves of RMB620,580,000, RMB696,912,000 and RMB749,628,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		88,306	84,935	51,402
Adjustments for:				
Finance costs	7	5,802	8,335	12,303
Interest income	5	(80)	(44)	(58)
Impairment of investment in an associate	6	–	–	705
Impairment of trade receivables	6	12,561	6,800	23,941
Impairment of prepayments, other receivables and other assets	6	643	(476)	22,373
Impairment of contract assets	6	50	(56)	22
Loss on disposal of items of property, plant and equipment	6	–	25	3
Impairment of goodwill	6	–	1,226	3,894
Loss/(gain) on revision of lease terms arising from changes in the non-cancellable periods of leases		(83)	(52)	132
Depreciation of property, plant and equipment	6	5,015	3,384	2,089
Amortisation of non-current assets	6	249	–	–
Depreciation of right-of-use assets	6	8,155	5,528	3,975
Share of loss of an associate		623	173	22
		121,241	109,778	120,803
Decrease in inventories		8,842	18	1,146
Decrease/(increase) in contract assets		(433)	780	–
Increase in trade receivables		(153,630)	(64,452)	(296,277)
Increase in prepayments, deposits and other receivables		(84,432)	(110,396)	(113,380)
Increase/(decrease) in trade payables		5,012	(7,501)	117,439
Increase/(decrease) in contract liabilities		3,906	30,020	(1,980)
Increase/(decrease) in other payables and accruals		(2,133)	685	60,389
Cash used in operations		(101,627)	(41,068)	(111,860)
Interest received		80	44	58
Income tax paid		(15,078)	(15,186)	(2,370)
Net cash outflow from operating activities		(116,625)	(56,210)	(114,172)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(2,251)	(2,584)	(321)
Proceeds from disposal of items of property, plant and equipment		2	1	–
Investment in an associate		(300)	(900)	–
Net cash outflow from investing activities		(2,549)	(3,483)	(321)

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM				
FINANCING ACTIVITIES				
New borrowings		175,500	302,016	451,000
Repayment of borrowings		(139,000)	(193,500)	(398,370)
Principal portion of lease payments	29(b)	(7,799)	(3,933)	(4,142)
Proceeds from issue of shares, net of issue expenses		99,043	—	—
Interest paid		(5,569)	(8,399)	(12,281)
Capital contribution from a non-controlling shareholder		—	—	300
Decrease/(increase) in pledged deposits		—	(8,573)	8,573
Net cash inflow from financing activities		122,175	87,611	45,080
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		45,780	48,781	76,699
CASH AND CASH EQUIVALENTS AT END OF YEAR		48,781	76,699	7,286
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	21	48,781	76,699	7,286
Cash and cash equivalents as stated in the statements of financial position and statements of cash flows		48,781	76,699	7,286

STATEMENT OF FINANCIAL POSITION

		31 December	31 December	31 December
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	3,426	1,863	2,247
Right-of-use assets	14(a)	867	10,101	6,734
Investments in subsidiaries	16	94,586	110,038	118,117
Equity investment designated at fair value through other comprehensive income	16	2,491	975	–
Deferred tax assets	26	5,219	5,454	8,984
Contract assets	19	223	210	188
Total non-current assets		106,812	128,641	136,270
CURRENT ASSETS				
Inventories	17	454	1,472	1,408
Trade receivables	18	507,693	453,946	378,782
Prepayments, other receivables and other assets	20	403,454	630,955	853,104
Pledged deposits	21	–	8,573	–
Cash and cash equivalents	21	38,132	38,601	5,323
Total current assets		949,733	1,133,547	1,238,617
CURRENT LIABILITIES				
Trade payables	22	30,149	30,549	31,890
Contract liabilities	23	11,590	17,353	22,738
Other payables and accruals	24	38,509	56,295	138,804
Bank and other borrowings	25	135,195	234,841	234,265
Lease liabilities	14(b)	915	4,027	5,000
Tax payable		7,077	1,375	4,064
Total current liabilities		223,435	344,440	436,761
NET CURRENT ASSETS		726,298	789,107	801,856
TOTAL ASSETS LESS				
CURRENT LIABILITIES		833,110	917,748	938,126
NON-CURRENT LIABILITIES				
Lease liabilities	14(b)	–	7,357	3,165
Bank and other borrowings	25	–	5,005	10,000
Total non-current liabilities		–	12,362	13,165
Net assets		833,110	905,386	924,961
EQUITY				
Share capital	27	91,314	91,314	91,314
Reserves	28	741,796	814,072	833,647
Total equity		833,110	905,386	924,961

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in People's Republic of China ("PRC"). The registered office of the Company is located at Room 1101, 11/F, Block B Future Land Center, Building 2, Yuan 10, Jiuxianqiao Road B, Jiangtaixiang, Chaoyang District, Beijing, PRC.

During the Relevant Periods, the Company and its subsidiaries are principally engaged in providing cloud-based communication solutions and related services in PRC.

As at the end of the Relevant Periods, the Company had direct interests in its major subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of registration and place of operations	Registered capital	Percentage of equity directly attributable to the Company	Principal activities
Beijing Yunxun Technology Co., Ltd. ("Yunxun Technology") (北京雲訊科技有限公司*) ^(a)	PRC/Chinese Mainland 14 September 2011	RMB10,000,000	100	Providing cloud communication services
Beijing Zhongmai Communication Technology Co., Ltd. ("Zhongmai Communication") (北京眾麥通信技術有限公司*) ^(a)	PRC/Chinese Mainland 7 February 2017	RMB10,000,000	100	Providing cloud communication services
Beijing Yunyan Tianchuang Technology Co., Ltd. ("Yunyan Tianchuang") (北京雲研天創科技有限公司*) ^(a)	PRC/Chinese Mainland 30 March 2017	RMB10,000,000	100	Providing cloud communication services

* The English names of these subsidiaries represent the best efforts made by the management of the Company to translate the Chinese names as they do not have an official English names registered in the PRC.

Note:

(a) The statutory financial statements of these companies for the years ended 31 December 2022, 2023 and 2024 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Da Hua Certified Public Accountants LLP, certified public accountants registered in the PRC.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS accounting standards which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for an equity investment designated at fair value through other comprehensive income which has been measured at fair value.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 December 2024, the Group recorded cash and cash equivalents amounting to RMB7,286,000 and current bank and other borrowings amounting to RMB290,303,000, respectively. The directors of the Company have reviewed the Group's cash flow projection prepared by management, which cover a period of not less than twelve months from 31 December 2024. In the opinion of the directors of the Company, taking into account (i) as at 31 December 2024, the Group recorded net current assets amounting to RMB827,411,000, including trade receivables with carrying amount of RMB880,946,000, (ii) the Group's financial resources on hand, including available credit facilities, and (iii) the anticipated cash flows to be generated from the Group's operations for the next twelve months from 31 December 2024, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2024. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

Basis of consolidation

A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IAS 28 and IFRS 10	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to IAS 21	<i>Lack of Exchangeability</i> ²
Publication of IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ⁴
Publication of IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ⁴
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ³
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ³

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, except for IFRS 18, the Group considers that these standards will not have a significant impact on the Group's financial performance and financial position. IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new IFRS Accounting Standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial performance and financial position the Group but is expected to affect the disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the Group's consolidated financial statements.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associate is included in the consolidated statement of profit or loss and consolidated statement of other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in an associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associate is included as part of the Group's investment in associate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its equity investments designated at fair value through other comprehensive income at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | | |
|---------|---|---|
| Level 1 | – | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvement	20% to 86%
Office equipment	19%
Electronics equipment	19%
Motor vehicles	19%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 5 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IFRS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach under certain circumstances as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Cloud-based communication services

Revenue from cloud-based communication services is generally measured on a usage basis. Revenue is determined by applying the contractual unit price to the monthly usage volume (e.g. volume of messages sent or minutes duration of voice call made) utilised by the customers on the CPaaS and Contact Center SaaS platform developed by the Group, and recognized at point in time when the related services are provided to customers.

The Group also enters into contracts with its customers in relation to provision of certain top-up services (e.g. top-up of stream media and website membership subscription, coupons, and gift cards, etc.). In rendering of such services, judgement is required in determining whether the Group is the principal or agent in transactions with customers. The Group has determined, based on an assessment of the relevant terms and conditions of the contracts as well as the nature of services rendered in the transactions, that when it does not control the specified goods or services before they are transferred to a customer, the Group is an agent in the transaction and revenue is recognized at point in time when the services are rendered and is recognized on a net basis reflecting the margin earned.

Project-based communications solutions

The Group's project-based communications solutions primarily follow a project-based pricing model, where customers are generally billed for products and platform development according to agreed-upon payment terms. Revenue derived from integrated intelligent solutions is recognized at point in time when the solutions and related services are rendered and accepted by the customers.

Other communications services and accessories

The provision of contact center outsourcing services is billed monthly mainly based on the number of service staff involved and the performance of the services. The directors of the Company have assessed that provision of contact center outsourcing services represent one single performance obligation, and the revenue is recognised over time because the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs. Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as property, plant and equipment, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Pension scheme

The Group's employees in Chinese Mainland are required to participate in central pension schemes operated by local municipal governments. These entities are required to contribute certain percentages of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Research and development expenses

All research expenses are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new technologies is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development expenditure which does not meet these criteria is expensed when incurred.

Foreign currencies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the ageing for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of each of the Relevant Periods, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 18 and 19 to the Historical Financial Information.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 15 to the Historical Financial Information.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of the Group's unrecognised tax losses at the end of each of the Relevant Periods are contained in note 26 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision of cloud-based communication solutions and services in PRC. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

All of the Group's revenue derived from customers were located in Chinese Mainland during the Relevant Periods.

(b) Non-current assets

All of the Group's non-current assets were located in Chinese Mainland as at the end of each of the Relevant Periods.

Information about major customers

During the Relevant Periods, the major customers which contributed more than 10% of total revenue of the Group are listed as below:

	Year ended 31 December		
	2022	2023	2024
Percentage of revenue from the major customers to the total revenue			
Customer A	12.34%	*	*
Customer B	11.17%	*	*
Customer C	*	*	11.39%
Customer D	*	*	10.82%

* Represent that the amount of aggregate revenue from such customer is less than 10% of the total revenue for respective year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cloud-based communication services	694,751	850,685	866,051
Project-based communications solutions	20,533	13,761	13,940
Other communications services and accessories	94,459	51,184	37,615
	<u>809,743</u>	<u>915,630</u>	<u>917,606</u>

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Transfer over time.	74,933	63,412	49,263
Transfer at a point in time.	734,810	852,218	868,343
	<u>809,743</u>	<u>915,630</u>	<u>917,606</u>

The following table shows the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of the respective period:

Year ended 31 December		
2022	2023	2024
RMB'000	RMB'000	RMB'000
<u>19,279</u>	<u>23,185</u>	<u>53,205</u>

Information about the Group's performance obligations is summarised below:

Cloud-based communication services

The performance obligation is generally satisfied at a point in time as services are rendered and payment is generally due within 90 days from the billing date, except for certain new customers where payment in advance is normally required.

Project-based communications solutions

The performance obligation of project-based communications solutions is generally satisfied at a point in time as services are rendered and accepted by the customers. Customers are generally billed for products and platform development according to agreed-upon payment terms.

Other communications services and accessories

The performance obligation of contact center outsourcing services is satisfied over time as the customers simultaneously receive and consume the benefits provided by the Group's performance and payment is generally due within 30 days from the billing date. Revenue from the sale of products is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the products, and payment is generally due within 30 days from delivery.

The Group has elected the practical expedient of not to disclose the remaining performance obligations because the performance obligation is part of a contract that has an original expected duration of one year or less.

An analysis of the Group's other income and gains is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other income and gains			
Bank interest income	80	44	58
Additional deductible input VAT*	25,800	8,911	–
Government grant**	849	595	3,664
Others	183	299	281
	<u>26,912</u>	<u>9,849</u>	<u>4,003</u>

* Amounts represent additional VAT (value-added-tax) deduction allowed under the PRC tax law, generated from the Group's communication services.

** Various government grants were mainly attributable to the Group's contributions to the district where the Group's primary business operates. There are no unfulfilled conditions or contingencies relating to these government grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Cost of services provided and products sold . . .		614,358	719,986	714,613
Depreciation of property, plant and equipment . .	13	5,015	3,384	2,089
Depreciation of right-of-use assets	14(a)	8,155	5,528	3,975
Lease payments not included in the measurement of lease liabilities	14(c)	56	88	88
Amortisation of non-current assets		249	–	–
Auditor's remuneration		400	400	400
Employee benefit expense (including directors' and supervisors' remuneration in note 8):				
Salaries, allowances and benefits in kind		56,668	57,510	50,633
Pension scheme contributions (defined contribution scheme)		3,347	3,300	2,930
Impairment of trade receivables	18	12,561	6,800	23,941
Impairment of prepayments, other receivables and other assets, net	20	643	(476)	22,373
Impairment of contract assets, net	19	50	(56)	22
Impairment of goodwill*	15	–	1,226	3,894
Loss on disposal of property, plant and equipment*		–	25	–
Impairment of investment in an associate*		–	–	705
Donations*		50	–	–
Penalties and late fees*		137	1,038	579
		<u>137</u>	<u>1,038</u>	<u>579</u>

* These items are included in "Other expenses and losses" in the consolidated statements of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	286	396	417
Interest on bank and other borrowings	5,516	7,939	11,886
	<u>5,802</u>	<u>8,335</u>	<u>12,303</u>

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

The aggregate amounts of remuneration of the directors and supervisors for the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fees	<u>272</u>	<u>308</u>	<u>306</u>
Other emoluments:			
Salaries, allowances and benefits in kind	3,850	4,505	4,506
Performance related bonuses	1,560	2,525	1,662
Pension scheme contributions	<u>156</u>	<u>180</u>	<u>188</u>
	<u>5,566</u>	<u>7,210</u>	<u>6,356</u>
	<u>5,838</u>	<u>7,518</u>	<u>6,662</u>

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Mr. Xiang Ligang	102	102	102
Mr. Lu Guanglin*	102	60	–
Ms. Wang Yue*	68	60	–
Mr. Sun Qiang*	–	43	102
Mr. Su Zile*	<u>–</u>	<u>43</u>	<u>102</u>
	<u>272</u>	<u>308</u>	<u>306</u>

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and supervisors

Year ended 31 December 2022

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:				
Mr. Piao Shenggen	637	—	40	677
Mr. Wang Peide	522	422	14	958
Mr. Zhang Zhishan	321	180	14	515
Mr. Yue Duanpu	763	8	30	801
	<u>2,243</u>	<u>610</u>	<u>98</u>	<u>2,951</u>
Supervisors:				
Ms. Jiang Hongyan	366	162	14	542
Mr. Guo Dawei	437	421	14	872
Mr. Zhang Wen	804	367	30	1,201
	<u>1,607</u>	<u>950</u>	<u>58</u>	<u>2,615</u>

Year ended 31 December 2023

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:				
Mr. Piao Shenggen	638	—	40	678
Mr. Wang Peide	1,006	1,147	20	2,173
Mr. Zhang Zhishan	325	180	20	525
Mr. Yue Duanpu	759	—	30	789
	<u>2,728</u>	<u>1,327</u>	<u>110</u>	<u>4,165</u>
Supervisors:				
Ms. Jiang Hongyan	372	130	20	522
Mr. Guo Dawei	682	847	20	1,549
Mr. Zhang Wen	723	221	30	974
	<u>1,777</u>	<u>1,198</u>	<u>70</u>	<u>3,045</u>

Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Mr. Piao Shenggen	683	—	40	723
Mr. Wang Peide	742	696	20	1,458
Mr. Zhang Zhishan	358	180	20	558
Mr. Yue Duanpu	794	—	30	824
Ms. Chen Jing**	244	49	8	301
	<u>2,821</u>	<u>925</u>	<u>118</u>	<u>3,864</u>
Supervisors:				
Ms. Jiang Hongyan	392	83	20	495
Mr. Guo Dawei	589	510	20	1,119
Mr. Zhang Wen	704	144	30	878
	<u>1,685</u>	<u>737</u>	<u>70</u>	<u>2,492</u>

* Mr. Lu Guanglin and Ms. Wang Yue resigned on 9 September 2023 and Mr. Sun Qiang and Mr. Su Zile were appointed as independent non-executive directors of the Company on 11 September 2023.

** Ms. Chen Jing was appointed as executive director of the Company on 21 June 2024.

There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

Included in the five highest paid employees during the years ended 31 December 2022, 2023 and 2024 were three, three and three directors or supervisors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two, two and two highest paid employees who are neither a director nor supervisors of the Company for the years ended 31 December 2022, 2023 and 2024, respectively, are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,335	1,089	1,435
Performance related bonuses	652	680	330
Pension scheme contributions	46	50	50
	<u>2,033</u>	<u>1,819</u>	<u>1,815</u>

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees		
	Year ended 31 December		
	2022	2023	2024
Nil to HK\$1,000,000	1	1	2
HK\$1,000,001 to HK\$1,500,000	<u>1</u>	<u>1</u>	<u>—</u>
	2	2	2
	<u>—</u>	<u>—</u>	<u>—</u>

10. INCOME TAX

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Chinese Mainland are subject to corporate income tax ("CIT") at a rate of 25% on the taxable income. During the Relevant Periods, the Company and certain subsidiaries of the Company was entitled to a preferential tax rate of 15% because it was accredited as a "High and New Technology Enterprise". In addition, certain subsidiaries operating in Chinese Mainland were entitled to preferential tax rates of 2.5% to 5% during the Relevant Periods, because they were regarded as "small-scaled minimal profit enterprises" during the corresponding period.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax charged for the year	15,493	9,337	6,708
Under/(Over) provision in prior years	991	143	(277)
Deferred tax charged for the year (note 26).	<u>(2,838)</u>	<u>(1,129)</u>	<u>(5,671)</u>
Total tax charged for the year	<u>13,646</u>	<u>8,351</u>	<u>760</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the PRC in which the Company's operating subsidiaries are registered to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit before tax	88,306	84,935	51,402
Tax at the statutory tax rate	22,077	21,234	12,851
Lower tax rates enacted by relevant authorities	(11,103)	(8,280)	(6,643)
Adjustment recognised in the year for current tax of prior years	991	143	(277)
Expenses not deductible for income tax purposes.	532	537	317
Temporary differences and tax losses not recognised	7,040	7,236	5,260
Additional deductible allowance for research and development expenses	(5,783)	(6,689)	(4,832)
Tax losses utilised from previous periods	<u>(108)</u>	<u>(5,830)</u>	<u>(5,916)</u>
Tax charge at the Group's effective rate	<u>13,646</u>	<u>8,351</u>	<u>760</u>

11. DIVIDENDS

No dividends have been declared or paid by the Company in respect of the Relevant Periods.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the Relevant Periods.

	Year ended 31 December		
	2022	2023	2024
<u>Earnings (RMB'000)</u>			
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	<u>75,972</u>	<u>77,621</u>	<u>53,545</u>
<u>Shares</u>			
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	<u>89,659,253</u>	<u>91,314,291</u>	<u>91,314,291</u>

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT**The Group**

	Leasehold improvement	Office equipment	Electronics equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022					
At 1 January 2022:					
Cost	10,755	777	20,148	799	32,479
Accumulated depreciation and impairment	<u>(5,495)</u>	<u>(419)</u>	<u>(18,425)</u>	<u>(177)</u>	<u>(24,516)</u>
Net carrying amount	<u>5,260</u>	<u>358</u>	<u>1,723</u>	<u>622</u>	<u>7,963</u>
At 1 January 2022, net of accumulated depreciation and impairment	5,260	358	1,723	622	7,963
Additions	2,037	180	1,526	–	3,743
Disposals/write-off	–	–	(5)	–	(5)
Depreciation provided during the year	<u>(4,208)</u>	<u>(128)</u>	<u>(527)</u>	<u>(152)</u>	<u>(5,015)</u>
At 31 December 2022, net of accumulated depreciation and impairment	<u>3,089</u>	<u>410</u>	<u>2,717</u>	<u>470</u>	<u>6,686</u>
At 31 December 2022:					
Cost	12,792	957	21,638	799	36,186
Accumulated depreciation and impairment	<u>(9,703)</u>	<u>(547)</u>	<u>(18,921)</u>	<u>(329)</u>	<u>(29,500)</u>
Net carrying amount	<u>3,089</u>	<u>410</u>	<u>2,717</u>	<u>470</u>	<u>6,686</u>

	Leasehold improvement	Office equipment	Electronics equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023					
At 1 January 2023:					
Cost	12,792	957	21,638	799	36,186
Accumulated depreciation and impairment	(9,703)	(547)	(18,921)	(329)	(29,500)
Net carrying amount	<u>3,089</u>	<u>410</u>	<u>2,717</u>	<u>470</u>	<u>6,686</u>
At 1 January 2023, net of accumulated depreciation and impairment	3,089	410	2,717	470	6,686
Additions	1,249	83	61	–	1,393
Disposals/write-off	–	(51)	(17)	–	(68)
Depreciation provided during the year	<u>(2,652)</u>	<u>(115)</u>	<u>(465)</u>	<u>(152)</u>	<u>(3,384)</u>
At 31 December 2023, net of accumulated depreciation and impairment	<u>1,686</u>	<u>327</u>	<u>2,296</u>	<u>318</u>	<u>4,627</u>
At 31 December 2023:					
Cost	14,041	960	21,589	799	37,389
Accumulated depreciation and impairment	(12,355)	(633)	(19,293)	(481)	(32,762)
Net carrying amount	<u>1,686</u>	<u>327</u>	<u>2,296</u>	<u>318</u>	<u>4,627</u>
	Leasehold improvement	Office equipment	Electronics equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
At 1 January 2024:					
Cost	14,041	960	21,589	799	37,389
Accumulated depreciation and impairment	(12,355)	(633)	(19,293)	(481)	(32,762)
Net carrying amount	<u>1,686</u>	<u>327</u>	<u>2,296</u>	<u>318</u>	<u>4,627</u>
At 1 January 2024, net of accumulated depreciation and impairment	1,686	327	2,296	318	4,627
Additions	1,438	114	94	–	1,646
Disposals/write-off	–	(2)	–	–	(2)
Depreciation provided during the year	<u>(1,421)</u>	<u>(123)</u>	<u>(394)</u>	<u>(151)</u>	<u>(2,089)</u>
At 31 December 2024, net of accumulated depreciation and impairment	<u>1,703</u>	<u>316</u>	<u>1,996</u>	<u>167</u>	<u>4,182</u>
At 31 December 2024:					
Cost	15,479	1,024	21,683	799	38,985
Accumulated depreciation and impairment	(13,776)	(708)	(19,687)	(632)	(34,803)
Net carrying amount	<u>1,703</u>	<u>316</u>	<u>1,996</u>	<u>167</u>	<u>4,182</u>

The Company

	Leasehold improvement	Office equipment	Electronics equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2022				
At 1 January 2022:				
Cost	10,544	441	19,367	30,352
Accumulated depreciation and impairment	(5,463)	(304)	(18,010)	(23,777)
Net carrying amount	<u>5,081</u>	<u>137</u>	<u>1,357</u>	<u>6,575</u>
At 1 January 2022, net of accumulated depreciation and impairment	5,081	137	1,357	6,575
Additions	333	129	434	896
Disposals/write-off	–	–	(2)	(2)
Depreciation provided during the year	(3,698)	(60)	(285)	(4,043)
At 31 December 2022, net of accumulated depreciation and impairment	<u>1,716</u>	<u>206</u>	<u>1,504</u>	<u>3,426</u>
At 31 December 2022:				
Cost	10,877	570	19,769	31,216
Accumulated depreciation and impairment	(9,161)	(364)	(18,265)	(27,790)
Net carrying amount	<u>1,716</u>	<u>206</u>	<u>1,504</u>	<u>3,426</u>
	Leasehold improvement	Office equipment	Electronics equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023				
At 1 January 2023:				
Cost	10,877	570	19,769	31,216
Accumulated depreciation and impairment	(9,161)	(364)	(18,265)	(27,790)
Net carrying amount	<u>1,716</u>	<u>206</u>	<u>1,504</u>	<u>3,426</u>
At 1 January 2023, net of accumulated depreciation and impairment	1,716	206	1,504	3,426
Additions	733	1	43	777
Disposals/write-off	–	(1)	(14)	(15)
Depreciation provided during the year	(2,094)	(55)	(176)	(2,325)
At 31 December 2023, net of accumulated depreciation and impairment	<u>355</u>	<u>151</u>	<u>1,357</u>	<u>1,863</u>
At 31 December 2023:				
Cost	11,610	569	19,705	31,884
Accumulated depreciation and impairment	(11,255)	(418)	(18,348)	(30,021)
Net carrying amount	<u>355</u>	<u>151</u>	<u>1,357</u>	<u>1,863</u>

	Leasehold improvements	Office equipment	Electronics equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024				
At 1 January 2024:				
Cost	11,610	569	19,705	31,884
Accumulated depreciation and impairment	(11,255)	(418)	(18,348)	(30,021)
Net carrying amount	<u>355</u>	<u>151</u>	<u>1,357</u>	<u>1,863</u>
At 1 January 2024, net of accumulated depreciation and impairment	355	151	1,357	1,863
Additions	1,096	111	81	1,288
Disposals/write-off	–	(2)	–	(2)
Depreciation provided during the year	<u>(700)</u>	<u>(61)</u>	<u>(141)</u>	<u>(902)</u>
At 31 December 2024, net of accumulated depreciation and impairment	<u>751</u>	<u>199</u>	<u>1,297</u>	<u>2,247</u>
At 31 December 2024:				
Cost	12,706	630	19,786	33,122
Accumulated depreciation and impairment	(11,955)	(431)	(18,489)	(30,875)
Net carrying amount	<u>751</u>	<u>199</u>	<u>1,297</u>	<u>2,247</u>

14. LEASES

The Group as a lessee

The Group has certain lease contracts for buildings for its office. Leases of buildings generally have lease terms between two years and five years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of right-of-use assets for buildings and the movements during the Relevant Periods are as follows:

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year. . . .	11,043	1,363	12,171
Additions	65	20,536	451
Depreciation charge	(8,155)	(5,528)	(3,975)
Revision of a lease term arising from a change in the non-cancellable period of a lease	<u>(1,590)</u>	<u>(4,200)</u>	<u>(960)</u>
Carrying amount at end of year	<u>1,363</u>	<u>12,171</u>	<u>7,687</u>

The Company

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year	6,866	867	10,101
Additions	–	14,218	–
Depreciation charge	(4,424)	(3,090)	(3,367)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(1,575)	(1,894)	–
Carrying amount at end of year	<u>867</u>	<u>10,101</u>	<u>6,734</u>

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year	10,751	1,344	13,695
New leases	65	20,536	451
Accretion of interest recognised during the year	286	396	417
Payments	(8,085)	(4,329)	(4,559)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(1,673)	(4,252)	(828)
Carrying amount at end of year	<u>1,344</u>	<u>13,695</u>	<u>9,176</u>
Analysed into:			
Current portion	1,337	5,393	5,716
Non-current portion	<u>7</u>	<u>8,302</u>	<u>3,460</u>

The Company

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year	6,830	915	11,384
New leases	–	14,218	–
Accretion of interest recognised during the year	208	234	407
Payments	(4,450)	(2,028)	(3,626)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(1,673)	(1,955)	–
Carrying amount at end of year	<u>915</u>	<u>11,384</u>	<u>8,165</u>
Analysed into:			
Current portion	915	4,027	5,000
Non-current portion	<u>–</u>	<u>7,357</u>	<u>3,165</u>

The maturity analysis of lease liabilities is disclosed in note 34 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	286	396	417
Depreciation charge of right-of-use assets	8,155	5,528	3,975
Expense relating to short-term leases	56	88	88
Total amount recognised in profit or loss	<u>8,497</u>	<u>6,012</u>	<u>4,480</u>

The Company

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	208	234	407
Depreciation charge of right-of-use assets	4,424	3,090	3,367
Expense relating to short-term leases	50	31	10
Total amount recognised in profit or loss	<u>4,682</u>	<u>3,355</u>	<u>3,784</u>

(d) The total cash outflow for leases is disclosed in note 29(b) to the Historical Financial Information.

15. GOODWILL

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year:			
Cost	5,975	5,975	5,975
Accumulated impairment	(855)	(855)	(2,081)
Net carrying amount	<u>5,120</u>	<u>5,120</u>	<u>3,894</u>
At beginning of year, net of accumulated impairment	5,120	5,120	3,894
Impairment	—	(1,226)	(3,894)
At end of year, net of accumulated impairment	<u>5,120</u>	<u>3,894</u>	<u>—</u>
At end of year:			
Cost	5,975	5,975	5,975
Accumulated impairment	(855)	(2,081)	(5,975)
Net carrying amount	<u>5,120</u>	<u>3,894</u>	<u>—</u>

Impairment testing of goodwill

Goodwill acquired through business combinations is mainly allocated to the following cash-generating unit for impairment testing:

- Huali Daxing cash-generating unit ("CGU")

The carrying amount of goodwill allocated to the cash-generating unit is as follows:

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount of goodwill	5,120	3,894	—

Assumptions were used in the value in use calculation of this cash-generating unit for the Relevant Periods. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant unit.

The main criteria used to determine the value in use are summarised in the following table:

	31 December	31 December	31 December
	2022	2023	2024
Pre-tax discount rate	12.19%	12.83%	12.83%
Perpetual growth rate	0.00%	0.00%	0.00%

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

Due to unfavourable market condition, the recoverable amount of the CGU was lower than the carrying amount (before impairment) as at 31 December 2023 and 2024, resulting in an impairment loss on goodwill of RMB1,226,000 and RMB3,894,000 charged to profit or loss for the years ended 31 December 2023 and 2024, respectively.

Details of the headroom measured by the excess of the recoverable amount over the carrying amount, as well as the changes of the assumptions used in the impairment review would have, in isolation, led to the CGU's recoverable amount to be equal to its carrying value are as follows:

	31 December	31 December	31 December
	2022	2023*	2024*
Headroom (RMB'000)	2,913	Nil	Nil
Change in gross margin	(8.8%)	N/A	N/A
Change in discount rate	2.2%	N/A	N/A

* As goodwill impairment was made in 2023 and 2024, nil headroom is disclosed.

Based on the sensitivity analysis, the directors of the Company considers it reasonably possible that a 10% decrease in budgeted gross margin would result in an additional impairment loss on goodwill of RMB200,000, RMB1,547,000 and nil; and 1 percentage point increase in discount rate would result in an additional impairment loss on goodwill of nil, RMB620,000 and nil, for the years ended 31 December 2022, 2023 and 2024, respectively.

16. UNLISTED EQUITY INVESTMENTS/INVESTMENTS IN SUBSIDIARIES

Unlisted equity investments

The Group

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Equity investment designated at fair value			
through other comprehensive income (<i>Note a</i>) .	2,491	975	–
Investment in an associate (<i>Note b</i>)	–	727	–
	<u>–</u>	<u>727</u>	<u>–</u>

The Company

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Equity investment designated at fair value			
through other comprehensive income (<i>Note a</i>) .	2,491	975	–
	<u>2,491</u>	<u>975</u>	<u>–</u>

Note a: The investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

Note b: The investment in the associate is considered immaterial to the Group and is accounted for using the equity method. In 2022 the Group has discontinued the recognition of its share of losses of the associate because the share of losses of the associate exceeded the Group's investment in the associate and the Group has no obligation to take up further losses incurred by the associate. The amount of the Group's unrecognised share of losses for year ended 31 December 2022 was RMB95,000.

Investments in subsidiaries

The Company

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Investments, at cost	94,586	110,038	125,803
Impairment	–	–	(7,686)
Net carrying amount	<u>94,586</u>	<u>110,038</u>	<u>118,117</u>

Particulars of the Company's subsidiaries as at the end of the Relevant Periods are set out in note 1 to the Historical Financial Information. Due to unfavourable market condition, the recoverable amount of the Company's investment in a subsidiary was lower than the carrying amount (before impairment) as at 31 December 2024, resulting in an impairment loss of RMB7,686,000 charged to profit or loss for the year ended 31 December 2024.

The Company's balances with the subsidiaries are given in note 20 and 24 to the Historical Financial Information. The balances with subsidiaries are unsecured, interest-free and repayable on demand.

17. INVENTORIES

The Group

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Finished goods	1,932	2,097	1,033
Contract costs	1,158	975	893
	<u>3,090</u>	<u>3,072</u>	<u>1,926</u>

The Company

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Finished goods	212	725	737
Contract costs	242	747	671
	<u>454</u>	<u>1,472</u>	<u>1,408</u>

Contract costs represent the costs incurred to fulfil certain contracts with customers and will be amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the timing of transfer to the customers of the services to which the contract costs relate.

18. TRADE RECEIVABLES

The Group

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	588,661	653,109	949,386
Impairment	(37,703)	(44,499)	(68,440)
	<u>550,958</u>	<u>608,610</u>	<u>880,946</u>

The Company

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	538,110	483,655	408,499
Impairment	(30,417)	(29,709)	(29,717)
	<u>507,693</u>	<u>453,946</u>	<u>378,782</u>

The Group's trading terms with its customers are mainly on credit, except for small-sized customers, where payment in advance is normally required. The credit period is generally 30 days to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are settled in accordance with the terms of the respective contracts. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the billing date and net of loss allowance, is as follows:

The Group

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 3 months	445,118	397,832	453,595
4-6 months	82,793	142,513	130,595
7-12 months	5,129	53,404	259,749
1 to 2 years	17,562	14,557	35,873
2 to 3 years	306	179	1,122
Over 3 years	50	125	12
	<u>550,958</u>	<u>608,610</u>	<u>880,946</u>

The Company

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 3 months	417,736	276,925	310,285
4-6 months	72,851	115,920	30,530
7-12 months	1,503	49,796	13,618
1 to 2 years	15,490	11,248	23,631
2 to 3 years	69	21	717
Over 3 years	44	36	1
	<u>507,693</u>	<u>453,946</u>	<u>378,782</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	25,142	37,703	44,499
Impairment losses (<i>note 6</i>)	12,561	6,800	23,941
Amount written off as uncollectible	—	(4)	—
At end of year	<u>37,703</u>	<u>44,499</u>	<u>68,440</u>

The Company

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	20,155	30,417	29,709
Impairment losses	10,262	(708)	8
At end of year	<u>30,417</u>	<u>29,709</u>	<u>29,717</u>

The increase in the loss allowance during the Relevant Periods was in line with the increase in the gross amount of trade receivables of the Group.

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on the ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

The Group

	Ageing				Total
	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	
As at 31 December 2022:					
Expected credit loss rate	1.62%	46.08%	94.37%	99.43%	6.40%
Gross carrying amount (RMB'000)	541,832	32,568	5,436	8,825	588,661
Expected credit losses (RMB'000)	<u>8,792</u>	<u>15,006</u>	<u>5,130</u>	<u>8,775</u>	<u>37,703</u>
As at 31 December 2023:					
Expected credit loss rate	2.07%	48.83%	95.99%	99.10%	6.81%
Gross carrying amount (RMB'000)	606,313	28,448	4,466	13,882	653,109
Expected credit losses (RMB'000)	<u>12,564</u>	<u>13,891</u>	<u>4,287</u>	<u>13,757</u>	<u>44,499</u>
As at 31 December 2024:					
Expected credit loss rate	2.49%	38.57%	88.31%	99.92%	7.21%
Gross carrying amount (RMB'000)	865,521	58,394	9,602	15,869	949,386
Expected credit losses (RMB'000)	<u>21,582</u>	<u>22,521</u>	<u>8,480</u>	<u>15,857</u>	<u>68,440</u>

The Company

	Ageing				Total
	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	
As at 31 December 2022:					
Expected credit loss rate	2.29%	46.07%	94.33%	99.03%	5.65%
Gross carrying amount (RMB'000)	503,612	28,725	1,218	4,555	538,110
Expected credit losses (RMB'000)	<u>11,522</u>	<u>13,235</u>	<u>1,149</u>	<u>4,511</u>	<u>30,417</u>
As at 31 December 2023:					
Expected credit loss rate	2.69%	48.82%	98.37%	99.35%	6.14%
Gross carrying amount (RMB'000)	454,881	21,978	1,289	5,507	483,655
Expected credit losses (RMB'000)	<u>12,240</u>	<u>10,730</u>	<u>1,268</u>	<u>5,471</u>	<u>29,709</u>
As at 31 December 2024:					
Expected credit loss rate	2.06%	32.84%	87.30%	99.98%	7.27%
Gross carrying amount (RMB'000)	361,896	35,184	5,645	5,774	408,499
Expected credit losses (RMB'000)	<u>7,463</u>	<u>11,553</u>	<u>4,928</u>	<u>5,773</u>	<u>29,717</u>

19. CONTRACT ASSETS

The Group

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract assets	1,012	232	232
Impairment	(78)	(22)	(44)
	<u>934</u>	<u>210</u>	<u>188</u>

The Company

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract assets	234	232	232
Impairment	(11)	(22)	(44)
	<u>223</u>	<u>210</u>	<u>188</u>

For certain customers, the Group allows a percentage of the contracted amount (the retention money) generally to be settled within 12 months, as agreed between the Group and the respective customers on a case by case basis, subsequent to the fulfilment of certain conditions including normal operation of the product within warranty period as stipulated in the respective sales contracts. Contract assets are recognised for revenue earned from the sale of products as the receipt of consideration is conditional on the successful expiry of warranty period. Upon the expiry of the warranty period, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for contract assets of the Group as at end of each of the Relevant Periods is as follows:

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year.	711	–	–
2 to 3 years.	<u>223</u>	<u>210</u>	<u>188</u>
	<u>934</u>	<u>210</u>	<u>188</u>

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments	345,697	452,055	512,482
Deposits	7,372	6,296	6,497
Other receivables	712	685	54,839
Prepaid corporate income tax	14	–	5
Prepaid value added tax	14,711	19,866	9,464
Others	–	–	8,995
	<u>368,506</u>	<u>478,902</u>	<u>592,282</u>
Impairment	(2,404)	(1,928)	(24,301)
	<u>366,102</u>	<u>476,974</u>	<u>567,981</u>

The Company

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments	316,900	295,427	304,397
Deposits	4,999	4,652	5,026
Other receivables	227	156	54,174
Due from subsidiaries	69,963	316,321	498,311
Prepaid value added tax	13,170	15,743	5,393
Others	–	–	8,995
	<u>405,259</u>	<u>632,299</u>	<u>876,296</u>
Impairment	(1,805)	(1,344)	(23,192)
	<u>403,454</u>	<u>630,955</u>	<u>853,104</u>

The Group applies an expected credit loss model to evaluate the credit losses for financial assets included in prepayments, other receivables and other assets. The movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	1,761	2,404	1,928
Impairment losses (note 6)	643	(476)	22,373
At end of year	<u>2,404</u>	<u>1,928</u>	<u>24,301</u>

The Company

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	1,417	1,805	1,344
Impairment losses	388	(461)	21,848
At end of year	<u>1,805</u>	<u>1,344</u>	<u>23,192</u>

21. CASH AND CASH EQUIVALENTS

The Group

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and bank balances	48,763	85,263	7,285
Deposits held at licensed payment platforms . . .	18	9	1
	<u>48,781</u>	<u>85,272</u>	<u>7,286</u>
Less: Pledged deposits for bank borrowings	—	(8,573)	—
Cash and cash equivalents	<u>48,781</u>	<u>76,699</u>	<u>7,286</u>

The Company

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and bank balances	38,132	47,167	5,322
Deposits held at licensed payment platforms . . .	—	7	1
	<u>38,132</u>	<u>47,174</u>	<u>5,323</u>
Less: Pledged deposits for bank borrowings	—	(8,573)	—
Cash and cash equivalents	<u>38,132</u>	<u>38,601</u>	<u>5,323</u>

At the end of each of the Relevant Periods, all of the Group's cash and bank balances were denominated in RMB. The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the billing date, is as follows:

The Group

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year	71,526	59,502	172,815
One to two years	11,693	13,478	11,016
Two to three years	8,130	4,180	8,006
Over three years	846	7,534	10,296
	<u>92,195</u>	<u>84,694</u>	<u>202,133</u>

The Company

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year	19,314	17,391	19,274
One to two years	2,725	5,852	3,933
Two to three years	7,542	674	1,377
Over three years	568	6,632	7,306
	<u>30,149</u>	<u>30,549</u>	<u>31,890</u>

The trade payables are non-interest-bearing and are normally settled in 30 days to 90 days.

23. CONTRACT LIABILITIES

An analysis of contract liabilities arising from short-term advances received from customers is as follows:

The Group

	1 January	31 December	31 December	31 December
	2022	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Services fee received in advance . . .	<u>19,279</u>	<u>23,185</u>	<u>53,205</u>	<u>51,225</u>

The contract liabilities represent the advance consideration received from customers before the Group transfers the related goods or services.

The Company

	1 January	31 December	31 December	31 December
	2022	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Services fee received in advance . . .	<u>7,075</u>	<u>11,590</u>	<u>17,353</u>	<u>22,738</u>

24. OTHER PAYABLES AND ACCRUALS

The Group

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Payroll payables	5,166	5,059	7,765
Other tax payables	4,253	7,377	11,319
Deferred income	278	—	—
Other payables	5,025	1,738	56,805
	<u>14,722</u>	<u>14,174</u>	<u>75,889</u>

The Company

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Payroll payables	1,669	1,689	2,233
Other tax payables	1,696	1,587	1,960
Deferred income	278	—	—
Other payables	4,441	711	55,294
Due to subsidiaries	30,425	52,308	79,317
	<u>38,509</u>	<u>56,295</u>	<u>138,804</u>

Other payables are non-interest-bearing and have an average term within one year.

25. BANK AND OTHER BORROWINGS

The Group

31 December 2022						
	Effective interest rate (%)	Maturity	RMB'000			
Current						
Bank borrowings, unsecured	2.55-5.66	2023	<u>139,199</u>			
31 December 2023			31 December 2024			
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank borrowings, secured	2.48	2024	28,572			—
Bank borrowings, unsecured.	2.55-5.50	2024	213,078	2.55-4.80	2025	255,303
Other borrowing, unsecured.	4.32	2024	<u>996</u>	0.00	2025	<u>35,000</u>
			242,646			290,303
Non-current						
Bank borrowings, unsecured.	3.95	2026	<u>5,005</u>	3.40-3.95	2026-2027	<u>10,000</u>
			<u>247,651</u>			<u>300,303</u>

The Company

	31 December 2022					
	Effective interest rate (%)	Maturity	RMB'000			
Current						
Bank borrowings, unsecured	2.55-5.66	2023	<u>135,195</u>			
	31 December 2023		31 December 2024			
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank borrowings, secured	2.48	2024	28,572			–
Bank borrowings, unsecured.	2.55-5.50	2024	<u>206,269</u>	2.55-4.50	2025	<u>214,265</u>
Other borrowing, unsecured.	–	–	<u>–</u>	0.00	2025	<u>20,000</u>
			234,841			234,265
Non-current						
Bank borrowings, unsecured.	3.95	2026	<u>5,005</u>	3.40-3.95	2026-2027	<u>10,000</u>
			<u>239,846</u>			<u>244,265</u>

All borrowings are denominated in RMB. Certain of the Group's bank and other borrowings with principal amount of RMB28,570,000 are secured by the pledge of bank deposits with carrying amount of RMB8,573,000 as at 31 December 2023.

In addition, certain of the Group's bank and other borrowings are guaranteed by the shareholders or financing institutions as follows:

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank borrowings principal amount (i)	120,500	191,000	207,000
Bank borrowings principal amount (ii)	17,000	15,000	18,000
Bank borrowings principal amount (iii)	1,000	1,800	–

- (i) These borrowings are guaranteed by Mr. Piao Shenggen.
- (ii) These borrowings are guaranteed by certain third-party financing guarantee companies, and by Mr. Piao Shenggen.
- (iii) These borrowings are guaranteed by certain shareholders other than Mr. Piao Shenggen.
- (iv) The directors confirm that the guarantee provided by Mr. Piao Shenggen as of 31 December 2024 will not be released on or before the listing date.

26. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the Relevant Periods are as follows:

Deferred tax assets

The Group

	Impairment of assets	Lease liabilities	Fair value change of equity investment at fair value through other comprehensive income	Tax losses and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022.	3,956	1,341	278	–	5,575
Deferred tax credited/(charged) to:					
profit or loss (<i>note 10</i>)	2,196	(1,179)	–	220	1,237
other comprehensive income . . .	–	–	99	–	99
At 31 December 2022 and 1 January 2023	6,152	162	377	220	6,911
Deferred tax credited/(charged) to:					
profit or loss (<i>note 10</i>)	(33)	2,126	–	833	2,926
other comprehensive income . . .	–	–	227	–	227
At 31 December 2023 and 1 January 2024	6,119	2,288	604	1,053	10,064
Deferred tax credited/(charged) to:					
profit or loss (<i>note 10</i>)	5,724	(811)	–	(27)	4,886
other comprehensive income . . .	–	–	146	–	146
At 31 December 2024	11,843	1,477	750	1,026	15,096

The Company

	Impairment of assets	Lease liabilities	Fair value change of equity investment at fair value through other comprehensive income	Tax losses and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022.	3,236	1,051	278	–	4,565
Deferred tax credited/(charged) to:					
profit or loss.	1,599	(914)	–	–	685
other comprehensive income . . .	–	–	99	–	99
At 31 December 2022 and 1 January 2023	4,835	137	377	–	5,349
Deferred tax credited/(charged) to:					
profit or loss.	(177)	1,570	–	–	1,393
other comprehensive income . . .	–	–	227	–	227
At 31 December 2023 and 1 January 2024	4,658	1,707	604	–	6,969
Deferred tax credited/(charged) to:					
profit or loss.	3,286	(483)	–	76	2,879
other comprehensive income . . .	–	–	146	–	146
At 31 December 2024	7,944	1,224	750	76	9,994

Deferred tax liabilities arising from right-of-use assets

The Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	1,837	236	2,033
Deferred tax charged/(credited) to profit or loss (note 10)	(1,601)	1,797	(785)
At end of year	<u>236</u>	<u>2,033</u>	<u>1,248</u>

The Company

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	1,030	130	1,515
Deferred tax charged/(credited) to profit or loss	(900)	1,385	(505)
At end of year	<u>130</u>	<u>1,515</u>	<u>1,010</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position. . .	6,757	8,031	13,853
Net deferred tax liabilities recognised in the consolidated statement of financial position. . .	(82)	—	(5)
Net deferred tax asset	<u>6,675</u>	<u>8,031</u>	<u>13,848</u>

Deferred tax assets have not been recognised in respect of the following items:

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Tax losses	147,529	145,832	116,169
Deductible temporary differences	3,533	9,753	8,847
	<u>151,062</u>	<u>155,585</u>	<u>125,016</u>

Generally, tax losses arising in Chinese Mainland will expire in one to five years for offsetting against future taxable profits. Deferred tax assets for certain subsidiaries have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. SHARE CAPITAL

	31 December 2022	31 December 2023	31 December 2024
	RMB'000	RMB'000	RMB'000
Issued and fully paid	91,314	91,314	91,314

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2022.	84,694,139	84,694
New issue (<i>Note</i>)	6,620,152	6,620
At 31 December 2022 and 2023, and 2024.	91,314,291	91,314

Note: In 2022, the Company issued 6,620,152 ordinary shares for a total consideration, before issue expenses, of RMB99,898,000. The net consideration of RMB99,043,000 after the share issue expenses was credited to the Company's share capital and capital reserve of RMB6,620,000 and RMB92,423,000, respectively.

28. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve

The capital reserve mainly represents the amount paid by shareholders for capital injection in excess of the nominal value of the share issued.

(b) Reserve fund

In accordance with the PRC Company Law and the articles of association of the Company's subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus funds until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of these subsidiaries, the statutory surplus funds may be used either to offset losses, or to be converted to increase the share capital of the subsidiaries provided that the balance after such conversion is not less than 25% of the registered capital of them. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

The Company

	Capital reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Reserve fund	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022.	167,001	(1,574)	42,864	344,588	552,879
Profit for the year.	–	–	–	97,052	97,052
Other comprehensive loss for the year . .	–	(558)	–	–	(558)
Transfer from retained profits.	–	–	9,705	(9,705)	–
Issue of shares.	92,423	–	–	–	92,423
At 31 December 2022 and 1 January 2023.	259,424	(2,132)	52,569	431,935	741,796
Profit for the year.	–	–	–	73,565	73,565
Other comprehensive loss for the year . .	–	(1,289)	–	–	(1,289)
Transfer from retained profits.	–	–	7,357	(7,357)	–
At 31 December 2023 and 1 January 2024.	259,424	(3,421)	59,926	498,143	814,072
Profit for the year.	–	–	–	20,404	20,404
Other comprehensive loss for the year . .	–	(829)	–	–	(829)
Transfer from retained profits.	–	–	2,040	(2,040)	–
At 31 December 2024.	259,424	(4,250)	61,966	516,507	833,647

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2022, 2023 and 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB65,000, RMB20,536,000 and RMB451,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

Lease liabilities

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year.	10,751	1,344	13,695
Changes from financing cash flows.	(8,085)	(4,329)	(4,559)
New leases.	65	20,536	451
Interest expenses.	286	396	417
Revision of a lease term arising from a change in the non-cancellable period of a lease.	(1,673)	(4,252)	(828)
At end of year.	1,344	13,695	9,176

Bank and other borrowings

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	102,466	139,199	247,651
Interest expense	5,516	7,939	11,886
Changes from financing cash flows	31,217	100,513	40,766
At end of year	<u>139,199</u>	<u>247,651</u>	<u>300,303</u>

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within operating activities	56	88	88
Within financing activities	<u>8,085</u>	<u>4,329</u>	<u>4,559</u>
	<u>8,141</u>	<u>4,417</u>	<u>4,647</u>

30. COMMITMENTS

At the end of each of the Relevant Periods, the Group did not have any material capital commitment and the Group, as a lessee, had no lease contracts that have not yet commenced as at the end of each of the Relevant Periods.

31. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Provision of services to an associate	<u>94</u>	<u>—</u>	<u>—</u>
Purchase of call operation services from an associate	<u>187</u>	<u>—</u>	<u>—</u>

- (b) Outstanding balances with related parties:

Prepayments and other receivables

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Due from an associate	<u>585</u>	<u>555</u>	<u>—</u>

The transactions with the associate were made in accordance with the terms and conditions mutually agreed by the parties involved. The balances with the associate are of trade in nature, unsecured, interest-free and payable on demand.

(c) Compensation of key management personnel of the Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Short term employee benefits	6,750	7,812	7,006
Post-employment benefits	193	210	218
Total compensation paid to key management personnel	<u>6,943</u>	<u>8,022</u>	<u>7,224</u>

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	Financial assets at fair value through other comprehensive income-equity investment	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2022:			
Equity investment designated at fair value through other comprehensive income	2,491	—	2,491
Trade receivables	—	550,958	550,958
Financial assets included in prepayments, other receivables and other assets	—	5,680	5,680
Cash and cash equivalents	—	48,781	48,781
	<u>2,491</u>	<u>605,419</u>	<u>607,910</u>
As at 31 December 2023:			
Equity investment designated at fair value through other comprehensive income	975	—	975
Trade receivables	—	608,610	608,610
Financial assets included in prepayments, other receivables and other assets	—	5,053	5,053
Pledged deposits	—	8,573	8,573
Cash and cash equivalents	—	76,699	76,699
	<u>975</u>	<u>698,935</u>	<u>699,910</u>
As at 31 December 2024:			
Trade receivables	—	880,946	880,946
Financial assets included in prepayments, other receivables and other assets	—	37,350	37,350
Cash and cash equivalents	—	7,286	7,286
	<u>—</u>	<u>925,582</u>	<u>925,582</u>

Financial liabilities

	Financial liabilities at amortised cost		
	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables	92,195	84,694	202,133
Financial liabilities included in other payables and accruals	5,025	1,738	56,805
Bank and other borrowings	139,199	247,651	300,303
Lease liabilities	1,344	13,695	9,176
	<u>237,763</u>	<u>347,778</u>	<u>568,417</u>

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, bank and other borrowings, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's senior management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the senior management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments designated at fair value through other comprehensive income has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry and listing status, and to calculate an appropriate price multiple, such as price to sales ("P/S") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2022, 2023 and 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	31 December 2022: 7.30	31 December 2022: 5.0% increase/decrease in multiple would result in increase/decrease in fair value by RMB125,000
			2023: 6.87	2023: 5.0% increase/decrease in multiple would result in increase/decrease in fair value by RMB49,000

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

Equity investment designated at fair value through other comprehensive income:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022.	—	—	2,491	2,491
As at 31 December 2023.	—	—	975	975
As at 31 December 2024.	—	—	—	—

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	3,148	2,491	975
Total loss recognised in other comprehensive income	(657)	(1,516)	(975)
At end of year	2,491	975	—

The Group did not have any financial liabilities measured at fair value as at the end of each of the Relevant Periods.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash, bank and other borrowings and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	588,661	588,661
Contract assets	–	–	–	1,012	1,012
Financial assets included in prepayments, other receivables and other assets					
– Normal**	7,936	–	–	–	7,936
– Doubtful**	–	–	148	–	148
Cash and cash equivalents .	48,781	–	–	–	48,781
	<u>56,717</u>	<u>–</u>	<u>148</u>	<u>589,673</u>	<u>646,538</u>

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	653,109	653,109
Contract assets*	–	–	–	232	232
Financial assets included in prepayments, other receivables and other assets					
– Normal**	6,806	–	–	–	6,806
– Doubtful**	–	–	175	–	175
Pledged deposits	8,573	–	–	–	8,573
Cash and cash equivalents .	76,699	–	–	–	76,699
	<u>92,078</u>	<u>–</u>	<u>175</u>	<u>653,341</u>	<u>745,594</u>

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	949,386	949,386
Contract assets*	–	–	–	232	232
Financial assets included in prepayments, other receivables and other assets					
– Normal**	7,035	–	–	–	7,035
– Doubtful**	–	–	54,301	–	54,301
Cash and cash equivalents .	7,286	–	–	–	7,286
	<u>14,321</u>	<u>–</u>	<u>54,301</u>	<u>949,618</u>	<u>1,018,240</u>

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 18 and 19 to the Historical Financial Information, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables and contract assets are disclosed in notes 18 and 19 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group’s trade receivables are widely dispersed in different sectors and industries.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2022

	On demand or less than one year	One to five years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	92,195	–	92,195
Financial liabilities included in other payables and accruals	5,025	–	5,025
Bank and other borrowings	142,232	–	142,232
Lease liabilities	1,339	7	1,346
	<u>240,791</u>	<u>7</u>	<u>240,798</u>

As at 31 December 2023

	On demand or less than one year	One to five years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	84,694	–	84,694
Financial liabilities included in other payables and accruals	1,738	–	1,738
Bank and other borrowings	247,168	5,347	252,515
Lease liabilities	6,078	8,420	14,498
	<u>339,678</u>	<u>13,767</u>	<u>353,445</u>

As at 31 December 2024

	On demand or less than one year	One to five years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	202,133	–	202,133
Financial liabilities included in other payables and accruals	56,805	–	56,805
Bank and other borrowings	295,169	10,479	305,648
Lease liabilities	6,457	4,134	10,591
	<u>560,564</u>	<u>14,613</u>	<u>575,177</u>

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The effective interest rates and terms of repayment of the bank borrowings of the Group are disclosed in note 25 to the Historical Financial Information. If the related interest rate had been 100 basis points higher/lower, the profit before income tax for the years ended 31 December 2022, 2023 and 2024 would have been RMB1,208,000, RMB1,929,000 and RMB2,736,850 lower/higher, respectively.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is bank and other borrowings divided by total equity. The Group's policy is to maintain the gearing ratio as low as possible. At the end of each of the Relevant Periods, the gearing ratios are as follows:

	31 December	31 December	31 December
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank and other borrowings	139,199	247,651	300,303
Total equity	714,448	789,743	839,856
Gearing ratio*	19%	31%	36%

35. CONTINGENT LIABILITIES/EVENTS AFTER THE RELEVANT PERIODS

In addition to the transactions and events detailed in the paragraph headed "Legal Proceedings" in the section headed "Business" in this Prospectus, the Group had no material contingent liabilities as at 31 December 2024 and had no material subsequent events after the Relevant Periods.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2024.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the parent has been prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to the owners of the parent as of 31 December 2024 as if it had taken place on 31 December 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as of 31 December 2024 or at any future date. It is prepared based on our consolidated net tangible assets as at 31 December 2024 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the parent does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Consolidated net tangible assets attributable to owners of the parent as at December 31, 2024	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at December 31, 2024	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per share as at December 31, 2024	
	RMB'000 Note 1	RMB'000 Note 2	RMB'000	RMB Note 3	HK\$ Note 4
Based on an offer price of HK\$13.55 per Share.	840,942	335,652	1,176,594	9.66	10.58
Based on an offer price of HK\$15.15 per Share.	840,942	378,574	1,219,516	10.02	10.97

Notes:

1. The consolidated net tangible assets attributable to owners of the parent as of December 31, 2024 is arrived at after deducting intangible assets of nil from the consolidated net assets attributable to owners of the parent of RMB840,942,000 as at December 31, 2024, as shown in the Accountants' Report set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$13.55 per H Share and HK\$15.15 per H Share, being the low and high ends of the stated offer price range, after deduction of the underwriting fees and other related expenses payable by the Company and do not take into account any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1 to RMB0.91333. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or at any other rates or at all.
3. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 121,754,291 Shares are in issue assuming the Global Offering has been completed on 31 December 2024.
4. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share is converted into Hong Kong dollars at an exchange rate of HK\$1 to RMB0.91333. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.
5. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2024.

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the pro forma financial information of the Group.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Beijing Xunzhong Communication Technology Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Beijing Xunzhong Communication Technology Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 December 2024, and related notes as set out on pages II-1 and II-2 of the prospectus dated 30 June 2025 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on pages II-1 and II-2 to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at December 31, 2024 as if the transaction had taken place at December 31, 2024. As part of this process, information about the Group's financial position, has been extracted by the Directors from the Group's financial statements for the period ended December 31, 2024, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong

30 June 2025

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special provisions. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this prospectus, which is subject to change or adjustment and may have retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

The PRC Taxation***Taxation on Dividends******Individual Investor***

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on December 18, 2018 (hereinafter collectively referred to as the “**IIT Law**”), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued and implemented by the SAT on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

Meanwhile, pursuant to the Notice on Issues Concerning the Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) promulgated by the MOFCOM, the SAT and the CSRC on September 7, 2015 and came into effect on September 8, 2015, where an individual acquires the stocks of listed companies from the market of public offerings and transfer of stock, to the extent that the holding period is over one year, the income from the dividends and bonuses thereof are temporarily exempted from individual income tax. Where an individual acquires the stocks of listed companies from the market of public offering and transfer of stock, to the extent that the holding period is one month or less (one month inclusive), the income from dividends thereof shall be included in the taxable income in full amount; and to the extent that the holding period is more than one month and up to one year (one year inclusive), the incomes from the dividends thereof shall be included in the taxable income at a tax rate of 50%. The aforesaid income is subject to an individual income tax at a flat rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) issued on August 21, 2006, effective on December 8, 2006, if the beneficial owner directly holds at least 25% of the equity capital in a PRC company, a withholding tax at the rate of 5% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident; while if the beneficial owner directly holds less than 25% of the equity capital in a PRC company, a withholding tax at the rate of 10% shall be paid in connection with the dividend paid by the PRC company to such Hong Kong tax resident.

Enterprise Investor

In accordance with Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), the rate of enterprise income tax shall be 25%. A non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The Circular of the State Administration of Tax on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued and implemented by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares.

Pursuant to the Arrangement between the Mainland of PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Arrangement, which was signed on August 21, 2006 and came into effect on December 8, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company unless a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong, Macau, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

*Taxation on Share Transfer**VAT and Local Additional Tax*

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to VAT (《關於全面推開營業稅改徵增值稅試點的通知》), or the Circular 36, which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and “engaged in the services sale in the PRC” means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of Ministry of Finance and State Administration of Taxation on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若干免稅政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as “**Local Additional Tax**”), which shall be usually subject to 12% of the VAT payable (if any).

*Income tax**Individual Investors*

According to the Individual Income Tax Law of the PRC, or the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOFCOM and the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed companies continues to be temporarily exempted from individual income tax. The SAT does not specify whether to continue to exempt individuals from individual income tax on the income from the transfer of shares in listed companies in the latest amended IIT Law.

Enterprise Investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was issued on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty is applicable to the entities and individuals that conclude taxable document or conduct securities trading within the territory of the PRC, and the entities and individuals that conclude taxable document outside the territory of the PRC and use such taxable document within the territory of the PRC. Therefore, the relevant provisions of the Stamp Duty Law of the PRC does not apply to the purchase and disposal of H shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this prospectus, no estate duty has been levied in the PRC under the PRC laws.

Hong Kong Taxation*Tax on dividends*

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital gains tax and profit tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profit tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the People's Bank of China, or the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on August 5, 2008, classifies all international payments and transfers into current account items and capital account items. Current account items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in settlement and sale of foreign currencies and supervision and inspection by the foreign exchange administrative authorities. For capital account items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange administrative authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material imbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current account items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current account item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Notice on Relevant Issue Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on February 13, 2015, came into effect on June 1, 2015 and partially repealed on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

On October 23, 2019, the SAFE issued the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which stipulated that on the basis that investing foreign-funded enterprises may make domestic equity investments with their capital funds in accordance with laws and regulations, non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the premise that the existing Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) are not violated and domestic invested projects are true and compliant.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “**Constitution**”) and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 revision) (《中華人民共和國立法法(2023年修訂)》) (the “**Legislation Law**”), the National People’s Congress of the People’s Republic of China (the “**NPC**”) and the Standing Committee of the NPC (“**SCNPC**”) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The NPC can authorize the SCNPC to formulate relevant laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, the People’s Bank of China, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, ecological civilization development, historical and cultural protection and grassroots governance based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the comparatively larger cities may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretations on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and department rules promulgated by them. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organisation of the People's Courts (《中華人民共和國人民法院組織法》), which was adopted in 1980 and amended in 1983, 1986, 2006 and 2018, the PRC judicial system is made up of the Supreme People's Court, the local people's courts, and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organized into civil, criminal, administrative, supervision and enforcement divisions. The intermediate people's courts are organized into divisions similar to those of the primary people's courts, and are entitled to organize other courts as needed such as the intellectual property division.

The higher people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the power to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The people's courts apply a two-tier appellate system. A party may appeal against a judgment or order of a local people's court to the people's court at the next higher level. The second judgments or orders given at the next higher level are final. The first judgments or orders of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgment or an order which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the “**Civil Procedure Law**”), which was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE PRC COMPANY LAW AND ADMINISTRATIVE MEASURES

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively and the latest revision of which was implemented on July 1, 2024;
- According to the Overseas Listing Trial Measures and Guidelines on the Application of Regulatory Rules — No. 1 for Overseas Offering and Listing (《監管規則適用指引—境外發行上市類第1號》) which was promulgated by the CSRC on February 17, 2023, and came into effect on March 31, 2023, the domestic companies that directly offer and list securities in overseas markets, shall formulate their articles of association in line with the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the “**PRC Guidelines on AoA**”) promulgated by the CSRC on March 16, 2006 and latest amended and implemented on March 28, 2025.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and PRC Guidelines on AoA applicable to our Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting. Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company. According to the Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行

條例》) promulgated by the State Council on April 22, 1993 (which is only applicable to the issuance and trading of shares in the PRC and their related activities), if a company is established by means of public subscription, the promoters of such company are required to sign on this document to ensure that this document does not contain any misrepresentation, serious misleading statements or material omissions, and assume joint and several responsibility for it.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value. If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

Under the Overseas Listing Trial Measures, if a domestic enterprise issues shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi. To issue shares overseas, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing.

There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

To issue shares overseas, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

Registered Shares

Under the PRC Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law.

Under the PRC Company Law, the company shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the class and number of shares held by each shareholder;
- the serial numbers of shares if the shares are issued in paper form; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders and if any no-par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of industry and commerce for the registration of the reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares to its employees as incentives; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) where its shares are used to convert corporate bonds issued by a listed company that can be converted into stocks; or (vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

The purchase of shares on the grounds set out in (i) to (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. Following the purchase of shares in accordance with the foregoing, such shares shall be canceled within 10 days from the date of purchase in the case of (i) above and transferred or canceled within six months in the case of (ii) or (iv) above, or in the event of a purchase made pursuant to (iii), (v) or (vi), hold a total number of its own shares not more than 10% of the total shares issued by the company and transfer or cancel within three years of the purchase.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the PRC Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the PRC Company Law and the PRC Guidelines on AoA, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect the company's articles of association, share register, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board meetings where the articles of association is violated by the above resolutions;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;

- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. Under the PRC Company Law, the shareholders' general meeting exercises the following principal powers:

- to elect or remove the directors and supervisors (other than the supervisor representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two-thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-up share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the PRC Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' general meeting shall state the time and venue and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the PRC Company Law, where the company convenes a shareholders' general meeting, shareholders who individually or aggregately hold 1% or more of the Company's shares may submit an interim proposal in writing to the board of directors 10 days before the date of the shareholders' general meeting. The board of directors shall notice other shareholders within 2 days after receiving the interim proposal. The content of the interim proposal shall fall within the scope of shareholders' general meeting and shall have specific topic and involve matters to be decided.

Under the PRC Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company; and (iv) other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

According to the Company Law, a joint stock limited company shall have a board of directors, which shall consist of at least 3 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to decide on the hiring or dismissal the company's manager and his salary and compensation, and by recommendation of the manager, to decide on the hiring or dismissal of deputy manager(s) and the persons in charge of finance as well as their salaries and compensations;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Board meetings shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he/she may appoint another director by a written power of attorney specifying the scope of the authorisation to attend the meeting on his/her behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his/her duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

Qualification of Directors

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his/her political rights due to his/her crimes, in each case where less than five years have elapsed since the date of completion of the sentence; or who has been declared to be under suspension of sentence, where less than two years have elapsed since the expiration of the suspension of sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

Other circumstances under which a person is disqualified from acting as a director are set out in the Mandatory Provisions.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. In addition, a joint stock limited company may establish an audit committee composed of directors of the board of directors in accordance with the company's bylaw which exercises the functions of the board of supervisors specified in the Company Law, and is not required to have a board of supervisors or supervisors. A joint stock limited company that is small or has a small number of shareholders is not required to establish a board of supervisors, but shall have one supervisor who exercises the functions of the board of supervisors as provided for in the Company Law. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one-third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his/her duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;

- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management; and
- other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall be responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings. According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person in charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors, supervisors and senior management are prohibited from:

- embezzling company property and misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;

- directly or indirectly entering into contracts or deals with the company in violation of the articles of association or without prior approval of the board of directors or the shareholders' general meeting;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor, or senior management shall not take advantage of his position to take a business opportunity belonging to the company for himself or another person, except under any of the following circumstances: (1) He has reported to the board of directors or the shareholders' meeting and received approval by resolution of the board of directors or the shareholders' meeting according to the company's bylaw. (2) According to laws, administrative regulations, or the company's bylaw, the company is unable to take the business opportunity.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors or the board of supervisors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, the amendment to articles of association shall be registered with the relevant authority in accordance with the applicable laws.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) or (ii) above, if the company has not yet distributed its assets to shareholders, it may carry on its existence by amending its articles of association or upon approval by resolution of the shareholders' meeting. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a general meeting.

Where the company is dissolved in the circumstances described in sub-paragraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution. The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;

- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he/she did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his/her claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public announcement of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his/her intentional or gross negligence.

Overseas Listing

According to the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Termination of Listing

The PRC Company Law has deleted provisions governing termination of listing. The PRC Securities Law stipulates that the trading of shares of a company on a stock exchange may be terminated if so decided by the stock exchange.

According to the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations mainly deal with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The PRC Securities Law (《中華人民共和國證券法》) took effect on July 1, 1999 and revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019 respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, the duties and responsibilities of securities exchanges, securities companies and the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that any domestic enterprise that seeks to issue securities oversea either directly or indirectly or to list its stocks in oversea markets shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the “**Arbitration Law**”) was passed by the Standing Committee of the NPC on August 31, 1994, became effective on and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people’s court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “**New York Convention**”) adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People’s Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People’s Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

On November 26, 2020, the Supreme People's Court promulgated the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between Mainland China and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》), clarifying the "recognition" procedure, expanding the scope of mutual recognition and enforcement of arbitral awards, and removing the restriction on arbitral bodies. It stipulates that an applicant may apply to courts of Mainland China and Hong Kong for enforcement of arbitral awards, and adds provisions on preservation measures.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, except for judgments in civil and commercial cases that are not applicable under Article 3 of this Arrangement, judgments that can be recognized and enforced in both places are those made by mainland and Hong Kong SAR courts on or after January 29, 2024. The mutually recognized and enforced judgments include monetary judgments and non monetary judgments. Upon implementation of this Arrangement, the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) which was adopted by the Judicial Committee of the Supreme People's Court on June 12, 2006 and took effect on August 1, 2008 has been repealed.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

The Hong Kong laws applicable to a company incorporated in Hong Kong are the Companies Ordinance and the Companies (Winding up and Miscellaneous Provisions) Ordinance and are supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Stock Exchange, our Company is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Companies Ordinance applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company established under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Incorporation of Corporate

Under the Hong Kong Company Law, a company with share capital, is incorporated by the Registrar of Companies in Hong Kong which issues a certificate of incorporation to the company upon its incorporation and the company will acquire an independent corporate existence upon its incorporation. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain pre-emptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the PRC Company Law, a joint stock limited company may be incorporated by promotion or stock flotation. The newly amended PRC Company Law which came into effect on July 1, 2024, has no provisions on minimum registered capital of joint stock companies, except that laws, administrative regulations and State Council decisions have separate provisions on the minimum registered capital of joint stock companies, in which case the company should follow such provisions.

Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company.

Share Capital

The Hong Kong Company Law does not provide for authorized share capital. The share capital of a Hong Kong company would be its issued share capital. The full proceeds of a share issue will be credited to share capital and becomes a company's share capital. The directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). If capital contribution is made other than in cash, valuation and verification of the assets contributed must be carried out and converted into shares according to the laws. Non-monetary assets used for capital contributions shall not be overvalued or undervalued. Where laws or administrative regulations provide otherwise, those provisions shall prevail. There is no such restriction on a Hong Kong company under Hong Kong Law.

Restrictions on Shareholding and Transfer of Shares

Under PRC law, our Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for and traded by the government or government authorized departments, PRC legal persons, natural persons, qualified foreign institutional investors, or eligible foreign strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a foreign currency other than Renminbi, may only be subscribed for, and traded by investors from Hong Kong, Macau or Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors. However, qualified institutional investors and individual investors may trade Southbound Hong Kong trading Link and Northbound Shanghai trading Link (or the Northbound Shenzhen trading Link) shares via participating in Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

Under the PRC Company Law, Shares issued prior to the public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares transferred each year by the directors, supervisors and senior management of a joint stock limited company during their respective term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after such person leave office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholders' disposal of shares, as illustrated by the undertakings given by the Company and our controlling shareholder to the Stock Exchange.

Derivative Action by Minority Shareholders

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their obligations and cause damages to a company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the board of supervisor to initiate proceedings in the people's court. In the event that the board of supervisor violates their obligations and cause damages to company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of aforesaid written request from the shareholders, if the board of supervisor or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days from the date of receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests have the right to initiate proceedings directly to the people's court in their own name.

Protection of Minority Shareholders

Under Hong Kong law, the company may be wound up by the court if the court considers that it is just and equitable to do so, in addition, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to make an appropriate order regulating the affairs of the company. Furthermore, under certain circumstances, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards.

The PRC Company Law provides that, a company which encounters substantial operational or management difficulties, and its continuance will cause significant loss to the interests of its shareholders and the situation cannot be resolved by other means, shareholders of the company who hold more than ten percent of the voting rights of all shareholders may apply to a people's court for the dissolution of the company.

Notice of Shareholders' General Meetings

Under the PRC Company Law, notice of a shareholders' annual general meeting and an extraordinary general meeting must be given to shareholders no less than 20 days and 15 days before the date of such meeting, respectively. For a company incorporated in Hong Kong, the notice period for an annual general meeting is at least 21 days and in any other case, at least 14 days for a limited company and at least 7 days for an unlimited company.

Quorum for Shareholders' General Meetings

Under Hong Kong law, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provide. For companies with only one member, the quorum must be one member.

The PRC Company Law does not specify the quorum for a shareholders' general meeting.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting.

Under the PRC Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the general meeting.

Financial Disclosure

Under the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly issued must publish its financial report.

The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders have the right to inspect free of charge and the right to make copies, subject to payment of a reasonable fee, of certain information on shareholders and on directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving Agent

Under the PRC Company Law and Hong Kong law, dividends once declared become liabilities payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC laws this limitation period is three years.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673 and Section 674 of the Companies Ordinance, which requires the sanction of the court. In addition, subject to the shareholders' approval, an intra-group wholly-owned subsidiary company may also be amalgamated horizontally or vertically under the Companies Ordinance. Under the PRC laws, merger, division, dissolution or change the form of a joint stock limited company has to be approved by shareholders at the shareholders' general meeting.

Dispute Arbitration

In Hong Kong, disputes between shareholders on the one hand, and a company incorporated in Hong Kong or its directors on the other hand, may be resolved through legal proceedings in the courts. According to Guidelines on the Bylaws of Listed Companies, shareholders may institute actions against other shareholders, against the directors, supervisors, managers and other officers of the Company, and against the Company, while the Company may institute actions against its shareholders, directors, supervisors, managers and other officers.

Mandatory Deductions

Under the PRC Company Law, a joint stock limited company is required to contribute 10% of the profit into their statutory reserve funds upon distribution of their post-tax profits of the current year. There are no corresponding provisions under Hong Kong law.

Remedies of the Company

Under the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The Company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC laws on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Fiduciary Duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors, including the duty not to act in conflict with the company's interests. Furthermore, the Companies Ordinance has codified the directors' statutory duty of care. Under the PRC Company Law, directors, supervisors, and senior executives shall have a duty of loyalty to the company, and take measures to avoid conflicts between their own interests and the interests of

the company, and shall not use their powers to seek improper interests. Directors, supervisors, and senior executives shall have an obligation of diligence to the company, and exercise reasonable care that managers shall ordinarily exercise, in the best interests of the company in performing their duties.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the PRC Company Law, change of the register of shareholders arising from share transfer shall not be registered within 20 days before convening of a shareholders' general meeting or within five days prior to the base date on which the company decides to distribute dividends.

Amendment to Articles of Association

A PRC issuer may not permit or cause any amendment to be made to its articles of association which would contravene the PRC Company Law and the Listing Rules.

This appendix contains the summary of the principal provisions of the Articles of Association which shall take effect on the date of the H-Shares being listed on the Hong Kong Stock Exchange. The Articles of Association of the Company has been approved by the Company's board of directors and the Company's shareholders' meeting. The main purpose of this appendix is to provide an overview of the Company's Articles of Association for potential investors, so it may not contain all the information that is important to potential investors.

To safeguard the legitimate rights and interests of Beijing Xunzhong Communication Technology Co., Ltd. (hereinafter referred to as the "Company"), its shareholders and creditors and to regulate the organization and conducts of the Company, the Articles of Association are formulated in accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》) (hereinafter referred to as the "**Company Law**"), the Securities Law of the People's Republic of China (《中華人民共和國證券法》) (hereinafter referred to as "**Securities Law**"), the Trial Measures for the Administration on 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》) (hereinafter referred to as the "**Overseas Listing Trial Measures**"), the Measures for the Supervision and Administration of Unlisted Public Companies (《非上市公眾公司監督管理辦法》), the Governance Rules for Companies Listed on the National Equities Exchange and Quotations (《全國中小企業股份轉讓系統掛牌公司治理規則》), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as "**Listing Rules**") and other laws and regulations, and by reference to the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (hereinafter referred to as "**Guidelines for Articles of Association**") and other relevant provisions of the China Securities Regulatory Commission (hereinafter referred to as the "**CSRC**") on corporate governance.

SHARES

Issuance of Shares

The shares of the Company shall take the form of stock.

The shares of the Company shall be issued in accordance with the principles of openness, fairness, and impartiality. Shares of the same class shall have the same rights.

For shares of the same class issued at the same time, the conditions of issuance and price of each share shall be the same. The price of each share subscribed for by any organization or individual shall be the same.

The par value of the shares issued by the Company is denominated in Renminbi.

The Renminbi referred to in the preceding paragraph is the lawful currency of the People's Republic of China.

The Company's shares listed on NEEQ are centrally deposited at China Securities Depository and Clearing Corporation Limited. The H shares issued by the Company may be mainly deposited at entrusted finance company under Hong Kong Securities Clearing Company Limited, in accordance with the laws and the customary practice of register and depository of securities of the jurisdiction where they are listed.

The share issued by the Company shall have a par value of Renminbi one (1) for each share.

Increase, Decrease and Repurchase of Shares

Based on its operating and development needs, the Company may, pursuant to the laws, regulations and regulatory rules for securities of the place where the Company's shares are listed and with the approval by resolution at the shareholders' meeting, increase its registered capital in the following ways:

- (I) Public issuance of shares;
- (II) Non-public issuance of shares;
- (III) Distribute bonus shares to existing shareholders;
- (IV) Convert capital reserves into share capital;
- (V) Any other means approved by the laws, administrative regulations and competent authorities of securities of the State Counsel of the PRC.

The existing shareholders of the Company shall have no pre-emptive right to subscribe for shares issued by the Company, unless otherwise stipulated by the shareholders' meeting.

The Company may reduce its registered capital. The reduction in the registered capital shall be made in accordance with the procedures set out in Company Law, other applicable regulations and the Articles.

The Company shall not purchase its shares unless under the following circumstances:

- (I) Reducing its registered capital;
- (II) Merger with another company which holds the shares of the Company;
- (III) Use of the shares for employee stock ownership plan or equity incentive;
- (IV) Request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the shareholders' meeting on the merger or demerger of the Company;

- (V) Conversion of shares into the convertible corporate bonds issued by the Company;
- (VI) Being necessary for the Company to maintain its value and the equity of shareholders;
- (VII) Any other circumstances permitted by the laws, administrative regulations, and regulatory rules of the place where the Company's shares are listed.

The purchase of the Company's shares may be carried out through public centralized trading or other methods recognized by laws, administrative regulations, the Listing Rules, the CSRC and the stock exchange or securities regulatory authority at the place where the company's shares are listed.

If the Company purchases its shares under any of the circumstances specified in item (III), (V) or (VI) mentioned above, such purchase shall be carried out through public centralized trading.

Transfer of Shares

The shares of the Company shall be freely transferable in accordance with laws.

All H shares of the Company shall be transferred by way of written transfer instrument either generally or in an ordinary form, or any other form acceptable to the Board of Directors (including the standard transfer format or form of transfer as prescribed from time to time by the Hong Kong Stock Exchange). Such transfer document may only be signed by hand or (where the transferor or transferee is a corporation) by the company's seal. In the event that the transferor or transferee is a recognized clearing house ("Recognized Clearing House") as defined in relevant regulations be effective from time to time under the laws of Hong Kong or its agent, a transfer document may be signed by hand or in a machine-printed form. All instruments of transfer shall be kept at the legal address of the Company or at such address as the Board may from time to time designate.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The shareholders of the Company shall be entitled to the following rights:

- (I) to receive dividends and other benefit distributions in proportion to the number of shares they held;
- (II) to require, convene, chair, attend or appoint a proxy to attend a shareholders' meeting and exercise the corresponding voting rights in accordance with the laws;

- (III) to supervise and manage the operations of the Company, and to put forward suggestions or raise enquiries;
- (IV) to transfer, bestow or pledge shares held by them in accordance with the laws, administrative regulations, departmental rules, regulatory documents, the securities regulatory rules of the place where the Company's shares are listed and the provisions of Articles of Association;
- (V) to inspect and duplicate the Articles of Association, registers of shareholders, the minutes of shareholders' meetings, resolutions of the Board meetings, resolutions of the meetings of the Supervisory Committee and the financial accounting reports;
- (VI) In the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;
- (VII) With respect to shareholders who voted against any resolution adopted at the shareholders' meeting on the merger or demerger of the Company, the right to demand the Company to acquire the shares held by them;
- (VIII) Any other rights stipulated in the laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

If any resolution of the shareholders' meetings or the Board violates the laws and administrative regulations, the shareholders have the right to request the people's court to invalidate the resolution.

If the convening procedure and voting method of the shareholders' meetings or the Board meetings violate laws, administrative regulations or the Articles of Association, or the contents of a resolution run counter to the Articles of Association, the shareholders have the right to request the people's court to revoke the resolution within sixty (60) days from the date of the resolution, unless the procedure or the voting method contains a minor defect without a substantial impact on the resolution. If a shareholder has not been given notice of participation in the shareholders' meeting, the shareholder may request the people's court to revoke the resolution within 60 days from the date when the shareholder knows or should have known that such resolution has been made; if the shareholder fails to exercise the right of revocation within one year from the date the resolution is made, the right of revocation shall be extinguished.

If any director or senior management violates the provisions of laws, administrative regulations or the Articles of Association in fulfilling their duties, thereby incurring any loss to the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for more than 180 consecutive days shall have the right to submit a written request to the Supervisory Committee to institute legal proceedings to the people's court; if the Supervisory Committee violates the laws, administrative regulations or the Articles of

Association in fulfilling its duties, thereby incurring any loss to the Company, the aforementioned shareholders shall have the right to request the Board in writing to institute legal proceedings to the people's court.

Upon receipt of shareholders' written request as stipulated in the preceding paragraph, if the Supervisory Committee or the Board of Directors refuses to file a lawsuit or fails to file a lawsuit within thirty (30) days from receipt of such request, or in the event of emergency where the interest of the Company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders as stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own name for the interest of the Company.

If others infringe upon the legitimate rights and interests of the Company and cause losses to the Company, the shareholders specified above may file a lawsuit with the people's court according to the provisions of the preceding two paragraphs.

The shareholders of the Company shall undertake the following obligations:

- (I) To abide by laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association;
- (II) To pay subscription monies according to the number of shares subscribed and the method of subscription;
- (III) Not to withdraw their fund contribution, except as provided in laws and regulations;
- (IV) Not to abuse shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the Company's position as an independent legal person and the limited liability of shareholders to harm the interests of any creditor of the Company;
- (V) To undertake other obligations stipulated in the laws, administrative regulations, departmental rules, normative documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders of the Company who abuse their shareholder's rights and thereby cause loss on the Company or other shareholders shall be liable for indemnity according to the law; where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly liable for the debts owed by the Company;

General Provisions of Shareholders' Meetings

The shareholders' meeting is the body exercising authority of the Company and the shareholders' meeting shall exercise the following functions and powers in accordance with the law:

- (I) To elect and replace directors and supervisors who are not staff representatives and to determine matters relating to the remuneration of the directors and supervisors;
- (II) To consider and approve the reports of the Board of Directors;
- (III) To consider and approve the reports of the Supervisory Committee;
- (IV) To consider and approve the Company's profit distribution plan and plan for recovery of losses;
- (V) To make resolutions on increase or reduction of the Company's registered capital;
- (VI) To make resolutions on the issuance of corporate bonds or other securities and listing programs;
- (VII) To make resolutions on the merger, demerger, dissolution, liquidation or change of corporate form of the Company;
- (VIII) To amend the Articles of Association;
- (IX) To make resolutions on the hiring and dismissal of the Company's accounting firm;
- (X) To consider and approve the guarantee subject to the approval by the Shareholders' meeting as set forth in the Articles of Association;
- (XI) To consider and approve the following transactions (except for the guarantee):
 - (1) the total assets involved in transaction (if book value and assessed value exist at the same time, whichever is higher) or the transaction amount accounts for more than 50% of the audited total assets of the Company in the latest accounting year;
 - (2) the net assets involved in the transaction or the transaction amount accounts for more than 50% of the absolute value of the audited net assets of the Company in the latest accounting year, and exceeds RMB15 million.
- (XII) To consider and approve transactions between the Company and its related parties with a transaction amount (other than provision of guarantee) representing more than 5% of the latest audited total assets of the Company and exceeding RMB30 million or transactions with a transaction amount representing more than 30% of the latest audited total assets of the Company;

- (XIII) To consider and approve the matters in relation to purchase or sale of major assets by the Company with the amount exceeding 30% of the Company's latest audited total assets within one year;
- (XIV) To consider and approve the changes in the use of proceeds;
- (XV) To consider equity incentive schemes and employee stock ownership plan;
- (XVI) To consider matters of financial support that fall under any of the following circumstances:
 - (1) The latest asset-liability ratio of the funded object exceeds 70%;
 - (2) The amount of financial assistance provided for a single time or the accumulated amount of financial assistance provided within 12 consecutive months exceeds 10% of the Company's latest audited net assets;
 - (3) Other circumstances prescribed by the CSRC, NEEQ, the securities regulatory rules of the place where the company's shares are listed or the Articles of Association.
- (XVII) To authorize the Board to make resolutions on the issuance of corporate bonds subject to the relevant laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed;
- (XVIII) To consider other matters which, in accordance with the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, shall be approved by the shareholders' meetings.

A shareholders' meeting shall either be an annual shareholders' meeting or an extraordinary shareholders' meeting. Annual shareholders' meetings shall be held once every year and within 6 months from the close of the preceding accounting year.

Under any of the following circumstances, the Company shall convene an extraordinary shareholders' meeting within two (2) months from the date of occurrence:

- (I) When the number of directors is less than the minimum number stipulated in Company Law or two-thirds of the number specified in the Articles of Association;
- (II) When the unrecovered losses of the Company amount to one third of the total amount of its paid-in share capital;
- (III) Where any shareholder holding more than ten percent (10%) of the Company's shares individually or collectively makes a request;

- (IV) When deemed necessary by the Board of Directors;
- (V) When proposed by the Supervisory Committee;
- (VI) Any other circumstances stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Convening of Shareholders' Meetings

For a shareholders' meeting convened by the Supervisory Committee or shareholders on its/their own initiative, the Board of Directors and its secretary shall provide cooperation and fulfill the obligation of information disclosure in a timely manner.

Proposals and Notices of Shareholders' Meetings

The content of proposals shall fall within the functions and powers of the shareholders' meeting, have clear subject for discussion and specific matters to be resolved and comply with relevant requirements of the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Holding of Shareholders' Meetings

The Company's Board and other conveners shall take necessary measures to ensure the normal order of the shareholders' meeting.

All shareholders or their proxies registered on the equity registration date shall have the right to attend the shareholders' meeting and exercise their voting rights in accordance with relevant laws, regulations, and the Articles of Association.

The shareholders' meeting shall be convened by the Board in accordance with the law and presided over by the chairman of the Board. If the chairman is unable or fails to perform his duties, a director who has been jointly elected by more than half of the directors shall convene and preside over the meeting.

The shareholders may attend shareholders' meetings in person and appoint their proxies to attend and vote on their behalf.

The shareholders' meeting shall have minutes, which shall be recorded by the secretary to the Board of Directors. The minutes of the shareholders' meeting shall contain the following information:

- (I) the date, venue and agenda of the meeting, and the name of the convener;

- (II) the name of the presider of the meeting, and the names of the attending directors, supervisors, members of executive committee and senior management personnel;
- (III) the number of shareholders and their proxies attending the meeting, the total number of voting shares held by them and the proportion of these shares to the total number of shares of the Company;
- (IV) the consideration process of each proposal, summaries of the speeches and the voting results;
- (V) details of the inquiries or recommendations of the shareholders, and the corresponding responses or explanations;
- (VI) the names of the legal counsel (if any), counter and the scrutineer;
- (VII) other contents that should be recorded in the minutes as provided in the Articles of Association.

The directors, supervisors and the secretary to the Board attending the meeting, the convener or representative thereof, and the presider of the meeting shall sign the minutes of the meeting, and shall ensure that the contents of the minutes are true, accurate and complete. The minutes of meeting shall be kept for a term of not less than ten (10) years together with the book of signatures of the shareholders attending the meeting, the power of attorney of the attending proxies, the valid information on voting by internet and other methods.

Voting and Resolutions of Shareholders' Meetings

Resolutions of shareholders' meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions of the shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' meeting shall be passed by more than two-thirds (2/3) of the voting rights held by the shareholders (including proxies) present at the meeting.

The following matters shall be approved by ordinary resolutions at a shareholders' meeting:

- (I) Work reports of the Board of Directors and the Supervisory Committee;
- (II) Plans for profit distribution and recovery of losses formulated by the Board of Directors;

- (III) Election and replacement of directors and supervisors and decision on matters relating to the remuneration of the directors and supervisors and the payment method thereof;
- (IV) Annual report of the Company;
- (V) Any matters other than those required to be approved by special resolution by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The following matters shall be approved by special resolutions at a shareholders' meeting:

- (I) Increase or reduction of the registered capital;
- (II) Demerger, split, merger, dissolution and liquidation;
- (III) Amendment to the Articles of Association;
- (IV) Purchase or disposal of material assets or provision of guarantee by the Company within a year with the transaction amount exceeding thirty percent (30%) of the Company's latest audited total assets;
- (V) Equity incentive plan;
- (VI) Any other matters prescribed by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, and other matters that are confirmed by ordinary resolution at a shareholders' meeting as having a material impact on the Company and are required to be approved by a special resolution.

Resolutions in respect of the election of directors or supervisors at a shareholders' meeting may be passed by way of cumulative voting in accordance with the Articles of Association or a resolution of the shareholders' meeting.

The cumulative voting system means that when directors or supervisors are being elected at a shareholders' meeting, each share has as many voting rights as the candidates for directors or supervisors, and the shareholders' voting rights may be used in a concentrated manner.

Except for the cumulative voting system, the shareholders' meeting of shareholders shall vote on all proposals one by one. If there are different proposals on the same matter, the voting shall be carried out in the order in which the proposals were submitted. Except for the suspension of the shareholders' meeting of shareholders or the inability to make resolutions due to special reasons such as force majeure, the shareholders' meeting of shareholders shall not shelve or refrain from voting on proposals.

BOARD OF DIRECTORS**Directors**

A director of the Company shall be a natural person. Directors shall have the qualifications as required by laws, administrative regulations and rules. Any person involved in any of the following circumstances shall not serve as director of the Company:

- (I) a person without or with limited capacity for civil conduct;
- (II) a person who has been sentenced to any criminal penalty for corruption, bribery, infringement of property, misappropriation of property or disrupting the economic order of the socialist market, where less than five (5) years have elapsed since the completion of the enforcement of the penalty, or who has been deprived of his/her political rights due to criminal offense, where less than five (5) years have elapsed since the completion of the enforcement of the penalty, or who has been declared to be under suspension of sentence, where less than two (2) years have elapsed since the end of the period of suspension of sentence;
- (III) a person who is a former director, factory manager or manager of a bankrupt and liquidated company or enterprise whereby such person is personally liable for the bankruptcy of such company or enterprise, and where less than three (3) years have elapsed since the date of completion of the bankruptcy and liquidation of such company or enterprise;
- (IV) a person who is a former legal representative of a company or enterprise, whose business license was revoked or which was ordered to close down due to violation of law and who is personally liable for such violation, where less than three (3) years have elapsed since the date of the revocation of business license or the closing down of such company or enterprise;
- (V) a person who has been listed as a dishonest person by the people's court due to having a relatively large amount of debts which have become overdue;
- (VI) a person who is banned from entering the securities market or deemed inappropriate to take the post of director by China Securities Regulatory Commission, where the term of punishment or judgement has not yet expired;
- (VII) any other circumstances as provided by the laws, administrative regulations, department rules, the China Securities Regulatory Commission, the National Equities Exchange and Quotations Co., Ltd., the securities regulatory authorities of the place where the Company's shares are listed and the stock exchange.

Where the election, appointment of directors violates the provisions of this Article, the election, appointment or engagement shall be invalid. Where directors fall under the circumstances referred to in this Article during his/her tenure, the Company shall terminate his/her appointment.

Directors shall be elected or replaced at the shareholders' meetings for a term of three (3) years. Upon maturity of the term of office, a director shall be eligible for re-election and re-appointment. Directors shall not be removed from their positions without reason by the shareholders' meeting before the term of office expires, unless otherwise provided by relevant laws, regulations, the Articles of Association and the securities regulatory rules of the place where the Company's shares are listed.

Directors shall not commit any of the following acts:

- (I) encroach upon the Company's assets, or misappropriate the funds of the Company;
- (II) deposit the funds of the Company into an account opened in their own names or the name of another individual;
- (III) use of function and power for bribery or receipt of other illegal income;
- (IV) take commissions from transactions with the Company;
- (V) disclose the secrets of the Company without authorization;
- (VI) any other breach of fiduciary obligations stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Board of Directors

The Company shall have a Board of Directors, which is responsible to the shareholders' meeting.

The Board of Directors shall consist of eight directors, including three independent directors.

The Board of Directors shall exercise the following functions and powers:

- (I) To convene the shareholders' meeting and report on its work to the shareholders' meeting;
- (II) To implement the resolutions adopted at shareholders' meetings;
- (III) To decide on the Company's business plans and investment plans;

- (IV) To formulate the Company's profit distribution plan and loss makeup plan;
- (V) To formulate proposals for increases or reductions of the Company's registered capital, the issuance of bonds or other securities;
- (VI) To formulate plans for major acquisitions of the Company, the buy-back of shares of the Company, or merger, division, dissolution and change of the form of the Company, as well as the listing of the Company, subject to compliance with the securities regulatory rules of the place where the Company's shares are listed;
- (VII) To determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external financing within the scope authorized by the shareholders' meeting;
- (VIII) To decide on the establishment of the Company's internal management structure and special board committees;
- (IX) To decide on the appointment or dismissal of the Company's general manager, board secretary and other senior officers and decide on their remuneration and reward and punishment; according to the nomination by the general manager, to decide on the appointment or dismissal of the deputy general manager(s), the finance officer (CFO) and other senior officers and decide on their remuneration and reward and punishment;
- (X) To appoint or dismiss the general manager of the Company, the members of executive committee, deputy general manager, chief risk officer, finance controller and the secretary to the Board of Directors, and determine their remunerations and rewards and punishments;
- (XI) To formulate the Company's basic management system;
- (XII) To formulate proposals for amendment to the Articles of Association;
- (XIII) To propose to the shareholders' meeting of shareholders to hire or replace the accounting firm conducting audit of the Company;
- (XIV) To manage the Company's information disclosure matters;
- (XV) To consider and approve the following transactions and submit such transactions to the Shareholders' meeting for consideration and approval if such transactions meet the threshold for the authority of the Shareholders' meeting:

- (1) To consider and approve the purchase and sale of material assets by the Company within one year, which amount not exceeding 30% of the latest audited total assets of the Company;
- (2) To consider and approve (except for provision of guarantee) the following transactions:
 - i. The total amount of assets involved in transaction (if there is book value and assessed value at the same time, whichever is higher) or transaction amount accounts for more than 10% of the Company's total assets as audited in the latest accounting year;
 - ii. The net assets involved or transaction amount accounts for more than 10% of the absolute value of the Company's audited net assets for the latest financial year and exceeds RMB10 million.
- (3) To consider and approve the guarantee other than the guarantee that should be approved by the shareholders' meeting as provided in the Articles of Association;
- (4) To consider and approve related transactions with a transaction amount of more than RMB500,000 between the Company and affiliated natural persons (except for providing guarantees), and to consider and approve transactions with related legal persons the transaction amount of which accounts for more than 0.5% of the Company's latest audited total assets (except for providing guarantees), and exceeds RMB3 million;

Where other laws, administrative regulations, departmental rules, normative documents or securities regulatory rules where the Company's shares are listed, such provisions shall prevail.

- (XVI) To discuss and evaluate whether the corporate governance mechanism provides appropriate protection and equal rights to all shareholders, and whether the corporate governance structure is reasonable and effective;
- (XVII) To exercise other functions and powers as stipulated in the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Board of Directors of the Company establishes an audit committee, a strategic committee, a nominating committee, a remuneration and assessment committee and other special committees. The special committee shall be accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals shall be submitted to the Board of Directors for consideration and approval.

The chairman of the board of directors shall be elected and removed by more than half of all the directors.

The chairman of the board of directors shall exercise the following functions and powers:

- (I) to preside over the shareholders' meetings and convene and preside over meetings of the board of directors;
- (II) to supervise and inspect the implementation of resolutions of the board of directors;
- (III) to exercise any other powers conferred by the Board, the laws, administrative regulations or the securities regulatory rules of the place where the Company's shares are listed.

A director who is related to the enterprise or individual to which the resolution of the board meeting relates shall promptly report to the Board in writing. Such director shall abstain from voting and shall not exercise voting rights in respect of such resolution, nor shall he or she exercise voting rights on behalf of other directors. Such board meeting may be held in the presence of a majority of unrelated directors, and resolutions made at the board meeting shall be passed by a majority of unrelated directors. If the number of unrelated directors present at the board meeting is less than three (3), the matter shall be submitted to the shareholders' meeting of shareholders for consideration.

GENERAL MANAGER AND OTHER SENIOR MANAGEMENT OFFICERS

General Manager and Other Senior Management Officers

The Company shall have one general manager who shall be appointed or dismissed by the board of directors.

The Company shall have one deputy general manager, one chief financial officer and one secretary to the board of directors, who shall be appointed or dismissed by the board of directors.

The circumstances specified in Article 93 of the Articles of Association in which a person may not serve as a director shall apply to members of the senior management.

The provisions regarding the duty of loyalty of directors and the duty of diligence shall apply to members of the senior management.

The term of office of the general manager and the deputy general manager shall be three (3) years, and he/she shall be eligible to offer themselves for re-appointment.

The general manager shall be accountable to the board of directors and exercise the following functions and powers:

- (I) to be in charge of the production and operation management of the Company, organize the implementation of resolutions of the Board of Directors, and report his/her work to the Board of Directors;
- (II) to organize the implementation of the annual business plans and investment schemes of the Company;
- (III) to formulate the scheme on the setup of the internal management organization of the Company;
- (IV) to formulate the fundamental management systems of the Company;
- (V) to formulate the specific rules of the Company;
- (VI) to propose the appointment or dismissal of the deputy manager and finance director (chief financial officer) of the Company by the Board of Directors;
- (VII) to appoint or dismiss the management personnel other than those who shall be appointed or dismissed by the board of directors;
- (VIII) to exercise other functions and powers conferred by the Articles of Association and the Board of Directors.

The general manager shall be present at the meetings of the board of directors. The general manager who is not a director shall have no voting rights at Board meetings.

The Company shall have a secretary to the Board of Directors, who shall be responsible for the information disclosure, preparation for shareholders' meeting and meeting of the board of directors, management of relationship with investors, management of shareholder materials and other matters.

SUPERVISORY COMMITTEE**Supervisors**

The circumstances in which a person shall not be appointed as a director provided by the Articles 93 shall be applicable to the supervisors.

Each term of office of a supervisor is three years. Upon maturity of the term of office, a supervisor shall be eligible for re-election and re-appointment.

Supervisory Committee

The Company shall have a Supervisory Committee, consisting of three supervisors. The Supervisory Committee shall have one chairman. The chairman of the Supervisory Committee shall be elected more than half of all supervisors. The chairman of the Supervisory Committee shall convene and preside over the meetings of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his duties, a supervisor who has been elected by more than half of the supervisors shall convene and preside over the meeting of the Supervisory Committee.

The Supervisory Committee shall exercise the following functions and powers:

- (I) To examine the regular reports of the Company prepared by the Board and produce written opinions thereon;
- (II) To inspect the financial affairs of the Company;
- (III) To supervise the performance of duties of the directors and members of the senior management officers, and propose dismissal of directors, members of the senior management officers who violate the laws, administrative regulations, the Articles of Association or resolutions of shareholders' meetings;
- (IV) When the conducts of the directors, members of the senior management officers damaged the Company's interest, to require directors and senior management officers to make rectification;
- (V) To propose the convening of an extraordinary shareholders' meeting, and convene and preside over the shareholders' meeting when the Board fails to perform such duties specified under the Company Law;
- (VI) To submit proposals to the shareholders' meeting;
- (VII) To initiate legal proceedings against the Company's director, members of the senior management officers in accordance with the Company Law;

(VIII) To conduct investigations if there are any unusual circumstances in the Company's operations; and if necessary, to engage an accounting firm, law firm or other professionals to assist in their work at the expenses of the Company;

(IX) Any other functions and powers granted by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDITING

Financial Accounting System

The Company shall establish its financial and accounting systems in accordance with the law, administrative regulations and the provisions stipulated by the relevant authorities of the People's Republic of China.

In distributing the profit after tax of the current year, the Company shall allocate 10% of its profit into its statutory reserve fund. When the aggregate amount of the statutory reserve fund of the Company is more than 50% of its registered capital, further appropriations are not required.

The reserve fund of the Company can be applied for making up for losses of the Company, expanding the Company's operation or increasing the capital of the Company.

Where the statutory reserve fund is converted into capital, the balance of the reserve fund shall not fall below twenty-five percent (25%) of the Company's registered capital prior to such conversion.

Appointment of Accounting Firm

The Company shall engage an accounting firm which complied with the provisions of the Securities Law to audit the financial statements, verify net assets and provide other related consultation services. The accounting firm shall serve a term of one year and may be re-appointed.

NOTICE

Notice

Notices of the Company may be delivered through one or more of the following means:

(I) By hand;

(II) By post, email or fax;

- (III) By announcement;
- (IV) By way of publishing information on websites designated by the Company and the Stock Exchange, subject to the laws, administrative regulations and listing rules of the stock exchange of the place where the Company's shares are listed;
- (V) By any other means as approved by the relevant regulatory authorities of the place where the Company's shares are listed or as specified in the Articles of Association.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

Merger by absorption means the absorption by one company of other company or companies in which case the absorbed company or companies shall be dissolved. Merger by new establishment means the merger of two or more companies to form a new company, in which case all parties to the merger shall be dissolved.

Dissolution and Liquidation

In any of the following circumstances, the Company shall be dissolved:

- (I) where the business term specified in the Articles of Association expires or other cause for dissolution specified in the Articles of Association occurs;
- (II) where the shareholders' meeting has adopted a resolution for dissolution;
- (III) where dissolution is required due to merger or division of the Company;
- (IV) where the business license of the Company is revoked, or the Company is ordered to close down or cancelled in accordance with the laws; and
- (V) where the Company runs deep into difficulties in operation and management, its continuous existence may cause material losses to shareholders' interests, and such difficulties cannot be solved in other ways, the shareholders holding 10% or more of total voting rights of the Company may request the people's court to dissolve the Company.

INVESTOR RELATIONSHIP MANAGEMENT**Investor Relationship Management**

The communication between the Company and investors in investor relations work mainly includes:

- (I) The Company's development strategy and the development of industry, including the Company's development direction, development planning, competition strategy and business policy, etc.;
- (II) Statutory information disclosures and their descriptions, including periodic reports and temporary announcements, etc.;
- (III) Information about the business management which may be disclosed by the Company according to the law, including the status of production and operation, financial status, research and development of new products or technologies, results of operations, dividend distribution, etc.;
- (IV) Significant matters that can be disclosed by the Company according to law, including information on significant investments of the Company and changes thereof, asset restructuring, acquisitions and mergers, external cooperation, external guarantees, significant contracts, connected (related) transactions, significant litigation or arbitration, changes in management, and changes in major shareholders;
- (V) Corporate culture and non-economic matters that are important to the Company's development;
- (VI) Other relevant information of the Company of concern to the investors.

Channels of communication between the Company and investors include but are not limited to:

Announcement, shareholders' meeting, Company's website, communication by telephone and email, site visit, etc.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION**Amendments to the Articles of Association**

The Company shall amend the Articles of Association under any of the following situations:

- (I) There is a discrepancy between the provisions of the Articles of Association and those of the laws, administrative regulations and the securities regulatory rules of the place where the shares of the Company are listed after amendments to the Company Law or relevant laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed;
- (II) There are changes in the situation of the Company resulting in inconsistency in relation to that mentioned in the Articles of Association;
- (III) The shareholders' meeting resolves to amend the Articles of Association.

If the amendments upon the resolutions of shareholders' meeting are subject to approval by the competent authorities, such amendments shall be submitted to such competent authorities for approval; if company registration is necessary for the amendments, such registration shall be carried out in compliance with the relevant laws.

SUPPLEMENTARY PROVISIONS**Supplementary Provisions**

Any matters not covered herein shall be handled in light of the actual situation of the Company according to the laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the Company's shares are listed. In the event of any conflict between the Articles of Association and the provisions of laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the Company's shares are listed (promulgated from time to time), the provisions of the laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the Company's shares are listed shall prevail. The Articles of Association shall be executed in Chinese. Where the articles of association in any other language or version disagree with the Articles of Association, the Chinese version of Articles of Association latest approved and registered by the company registration authority shall prevail.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

Our Company was established under the laws of the PRC as a limited liability company on November 20, 2008 with an initial registered capital of RMB10.0 million. On October 11, 2014, our Company was converted to a joint stock company with limited liability under the PRC Company Law. The registered address and headquarter of our Company in the PRC is at Room 1101, 11/F, Block B Future Land Center, Building 2, Yuan 10, Jiuxiangqiao Road B, Jiangtaixiang, Chaoyang District, Beijing, PRC. A summary of our Articles is set out in “Appendix V — Summary of Articles of Association”.

We have established a place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, and was registered with the Companies Registry in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 28, 2024. Mr. Piao, being our executive Director, chairman of the Board and general manager, and Ms. Au Wing Sze, being our joint company secretary, have been appointed as the Authorized Representatives of our Company for the acceptance of service of process and notice in Hong Kong. Our address for acceptance of service of process is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

As our Company was incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in Appendix IV and V, respectively.

2. Changes in Share Capital of our Company

Our Company was incorporated on November 20, 2008 with registered capital of RMB10.0 million. On October 11, 2014, our Company was converted to a joint stock company with limited liability. Our total issued share capital was RMB45,000,000 divided into 45,000,000 Shares with a nominal value of RMB1.00 each.

Save as disclosed above, there has been no alteration in our total issued share capital within the two years immediately preceding the date of publication of this prospectus.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1 to the Accountants’ Report as set out in Appendix I to this prospectus.

There has been no alteration in the total issued share capital of our subsidiaries during the two years immediately preceding the date of this prospectus. For details of our subsidiaries, see “History, Development and Corporate Structure — Our Major Subsidiaries”.

4. Resolutions of our Shareholders in relation to the Global Offering

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on June 21, 2024, it was resolved, among others:

- (a) our H Shares to be listed on the Stock Exchange be issued;
- (b) the number of H Shares to be issued pursuant to the Global Offering, and the grant to the Overall Coordinators of the Over-allotment Option of not more than 15% of the number of H Shares issued pursuant to the Global Offering;
- (c) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and
- (d) authorization of our Board or its authorized persons to handle all matters relating to, among other things, the Global Offering and the Listing.

5. Restrictions on Repurchase

See “Appendix IV — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions” and “Appendix V — Summary of Articles of Association” for details.

6. Corporate Reorganization

Our Company has not gone through any corporate reorganization. See the section headed “History, Development and Corporate Structure” for further details of the history and development of our Company.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us within the two years preceding the date of this document and are or may be material:

- (a) the cornerstone investment agreement dated June 26, 2025, entered into among our Company, Tongzhou International Development Limited (通州國際發展有限公司) (“**Tongzhou International**”) and DBS Asia Capital Limited (星展亞洲融資有限公司), pursuant to which Tongzhou International agreed to subscribe for H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent amount of RMB120,000,000 (inclusive of brokerage and levies); and
- (b) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of Our Group



(a) Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date
1.	Method and Terminal for Viewing Private SMS by Sending and Receiving SMS Command Codes (通過收發短信指令碼查看私密短信的方法和終端)	Our Company	PRC	ZL201610903687.9	October 17, 2016	October 16, 2036
2.	Data Conversion Method Based on IoT (基於物聯網的數據轉換方法)	Our Company	PRC	ZL201811471671.0	December 4, 2018	December 3, 2038
3.	Speech Recognition Method Based on Neural Network Modeling (基於神經網絡模型的語音識別方法)	Our Company	PRC	ZL202011125376.7	October 20, 2020	October 19, 2040
4.	Information Display Device (信息顯示裝置)	Our Company	PRC	ZL201710735186.9	August 24, 2017	August 23, 2037
5.	Video Code Conversion Transmission Control System Based on Network State Self-assessment (基於網絡狀態自評估的視頻編碼轉換傳輸控制系統)	Our Company	PRC	ZL202010480017.7	May 29, 2020	May 28, 2040

(b) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Place of Registration	Registration No.	Registered Owner	Validity Period
1.	讯众通信	38	PRC	16685657	Our Company	May 28, 2016 to May 27, 2026
2.	讯众	38	PRC	16685469	Our Company	May 28, 2016 to May 27, 2026
3.	云讯云通信	38	PRC	25130937	Our Company	July 14, 2018 to July 13, 2028
4.		38	PRC	25114672	Our Company	July 14, 2018 to July 13, 2028
5.	众麦通信 SALES.COMM	38	PRC	25115808	Zhongmai Communication	July 7, 2018 to July 6, 2028
6.		38	PRC	53282516	Jishihui	September 14, 2021 to September 13, 2031

(c) Copyrights

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following copyrights which we consider to be or may be material to our business:

No.	Copyright Name	Version	Owner	Copyright Number	Registration date (yyyy/mm/dd)	Place of Registration
1.	Xunzhong 5G Messaging Platform (訊眾5G消息平台)	V1.0	Our Company	2021SR1533936	October 20, 2021	PRC
2.	Data Smart Analysis System (數據智能分析系統)	V1.0	Our Company	2022SR0562925	May 6, 2022	PRC
3.	Smart Integrated Communication Midplatform Software (智慧融合通信中台軟件)	V1.0	Our Company	2023SR0100036	January 17, 2023	PRC
4.	Rights Distribution Management System (權益分發管理系統)	V1.0	Our Company	2022SR1343503	September 5, 2022	PRC
5.	Smart Voice Quality Inspection System (智能語音質檢系統)	V1.0	Our Company	2017SR702745	December 19, 2017	PRC
6.	Smart Voice Navigation System (智能語音導航系統)	V1.0	Our Company	2017SR703205	December 19, 2017	PRC
7.	Smart Voice Outbound Calling Platform (智能語音外呼平台)	V1.0	Our Company	2017SR703214	December 19, 2017	PRC
8.	Integrated SMS Service Platform (短信服務一體化平台)	V1.0	Our Company	2023SR0053397	January 10, 2023	PRC
9.	Artificial Intelligence Knowledge Graph System (人工智能知識圖譜系統)	V1.0	Our Company	2023SR0053395	January 10, 2023	PRC
10.	IoT VPDN and Management Platform Software (物聯網VPDN專網及管理平台)	V2.0	Our Company	2023SR0053392	January 10, 2023	PRC

(d) Domain Names

As of the Latest Practicable Date, we had registered and maintained ownership to the following domain names in China which we consider to be or may be material to our business:

No.	Domain	Owner	Expiry Date (yyyy/mm/dd)
1.	commchina.net	Our Company	2025/10/31
2.	ytx.net	Yunxun Science and Technology	2028/01/14
3.	salescomm.net	Zhongmai Communication	2026/01/10

Save as disclosed above, as of the Latest Practicable Date, there were no other patents, trade or service marks, intellectual or industrial property rights which are or may be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' and Supervisors' Service Contracts and Appointment Letters

Each of our executive Directors and non-executive Directors has entered into a service contract with our Company for an initial term of three years, and we signed letters of appointment with each of our independent non-executive Directors. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed in this prospectus, none of our Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

2. Remuneration of Directors and Supervisors

The aggregate remuneration (including salaries, allowance and benefits in kind, performance related bonuses and pension scheme contributions) paid or payable to our Directors and Supervisors for the three years ended December 31, 2022, 2023, 2024 was approximately RMB5.84 million, RMB7.52 million and RMB6.66 million, respectively.

It is estimated that, under the arrangements currently in force, the aggregate amount of remuneration payable to our Directors and Supervisors for the year ending December 31, 2025 will be approximately RMB6.0 million (excluding any discretionary bonus but including historical share-based payment expenses).

The aggregate amount of remuneration which were paid or payable by our Group to our five highest paid individuals for the three years ended December 31, 2022, 2023, 2024 were approximately RMB2.03 million, RMB1.82 million and RMB1.82 million, excluding three, three and three Directors or Supervisors, respectively.

During the Track Record Period, no fees were paid by our Group to any of our Directors, Supervisors or the five highest paid individuals as an inducement to join us or as compensation for loss of office, and there has been no arrangement under which a Director or Supervisor has waived or agreed to waive any emoluments.

3. Disclosure of interests

(a) *Disclosure of interests of Directors, Supervisors and chief executive of our Company*

Immediately following the completion of the Global Offering and assuming no exercise of the Over-allotment Option, the interest and/or short position (as applicable) of our Directors, Supervisors and chief executives of our Company in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, once the H Shares are listed, will be as follows:

(i) *Interests in our Company*

Name of Shareholder	Nature of interest	Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)			
		Number of Domestic Shares ⁽¹⁾	Approximate percentage of shareholding in the total issued share capital of the Company	Number of Shares ⁽¹⁾	Description of Shares ⁽³⁾	Approximate percentage of shareholding in Domestic Shares/H Shares (as appropriate) ⁽³⁾	Approximate percentage of shareholding in the total issued share capital of the Company
Mr. Piao	Beneficial interest	24,984,600	27.36%	24,984,600	Domestic Shares	27.36%	20.52%
Mr. Yue	Beneficial interest	2,052,000	2.25%	2,052,000	Domestic Shares	2.25%	1.69%

Name of Shareholder	Nature of interest	Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)			
		Number of Domestic Shares ⁽¹⁾	Approximate percentage of shareholding in the total issued share capital of the Company	Number of Shares ⁽¹⁾	Description of Shares ⁽³⁾	Approximate percentage of shareholding in Domestic Shares/H Shares (as appropriate) ⁽³⁾	Approximate percentage of shareholding in the total issued share capital of the Company
Mr. Wang	Beneficial interest	783,590	0.86%	783,590	Domestic Shares	0.86%	0.65%
Ms. Jiang	Beneficial interest	515,600	0.56%	515,600	Domestic Shares	0.56%	0.42%
Mr. Zhang Wen	Beneficial interest	303,900	0.33%	303,900	Domestic Shares	0.33%	0.25%

Notes:

- (1) All interests stated are long positions.
- (2) As of the Latest Practicable Date, Suzhou Historic and Cultural City Development Group Co., Ltd., held 2,960,000 Shares through its wholly-owned subsidiary of Suzhou History Cultural Famous City Development Venture Capital Co., Ltd.
- (3) For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

(ii) Interests in associated corporations of our Company

To the best knowledge of our Directors, save for otherwise disclosed in this prospectus, none of our Directors, Supervisors or chief executive of our Company has interests or short positions in the shares, underlying shares or debentures of the associated corporations of our Company.

(b) Disclosure of interests of substantial shareholders

Save as disclosed in the section headed “Substantial Shareholders” in this prospectus, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company or any other members of our Group.

4. Agency Fees or Commissions Received

Save as disclosed in the section headed “Underwriting”, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital or security of any member of our Group.

5. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors, Supervisors or the chief executive of our Company has any interest or short position in the Shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed;
- (b) save as disclosed in this prospectus, none of our Directors, Supervisors or any of the experts referred to under paragraph headed “D. Other Information — 12. Qualification of Experts” in this appendix is
 - (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or
 - (ii) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (c) so far as is known to our Directors, Supervisors or the chief executive of our Company, no person (not being a Director, Supervisors or chief executive of our Company) will, immediately following the completion of the Global Offering, have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (d) none of our Directors, Supervisors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION**1. Estate Duty**

We have been advised that no material liability for estate duty under PRC law is likely to fall upon the Group.

2. Litigation

Except as disclosed in this prospectus, as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

3. Application for Listing

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

4. Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Sole Sponsor in connection with the Listing payable by our Company is USD1 million.

5. Compliance Advisor

Our Company has appointed SPDB International Capital Limited as our compliance advisor in compliance with Rules 3A.19 and 19A.05 of the Listing Rules.

6. Preliminary Expenses

As of the Latest Practicable Date, our Company had not incurred material preliminary expenses.

7. Promoter

Mr. Piao, Mr. Niu Jie, Mr. Yue Duanpu, Mr. Zhao Junjie, Ms. Chen Limei, Mr. Gangjirigetü, Mr. Wang Peide, Mr. Xu Pang and Mr. Jia Qi are the promoter of our Company. Save as disclosed in this prospectus, within the two years immediately preceding the date of

this prospectus, no cash, securities or other benefit have been paid, allotted or given or have been proposed to be paid, allotted or given to the above promoter in connection with the Global Offering or related transactions herein.

8. Consents of Experts

Each of the experts as referred to in “D. Other Information — 12. Qualification of Experts” in this Appendix has given and has not withdrawn its consent to the issuance of this prospectus with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

9. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This prospectus is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language of this prospectus and the Chinese translation, the English language version of this prospectus shall prevail.

11. Taxation of Holders of H Shares

(a) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.13% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

(b) Consultation with Professional Advisors

Intending holders of the H Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the H Shares. It is emphasized that none of our Company, our Directors, Supervisors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of H Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the H Shares or exercise of any rights attaching to them.

12. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained herein:

Name	Qualifications
DBS Asia Capital Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
King & Wood Mallesons	Legal advisor to our Company as to PRC law
Beijing Tenghe Law Firm	Legal Advisor to our Company as to the Beijing Yakang and Beijing Yunxi Case
Ernst & Young	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

13. No Material Adverse Change

Our Directors believe that there has been no material adverse change in the financial or trading position since December 31, 2024 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

14. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus, our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Company has not issued nor agreed to issue founder, management or deferred shares or any deferred debentures;
- (d) our Company has no outstanding convertible debt securities;
- (e) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted or agreed to be granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived;
- (g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;
- (h) save as disclosed in the section headed “History, Development and Corporate Structure” in this prospectus, none of our equity securities is listed or dealt with on Stock Exchange or any other Stock Exchange; and
- (i) our Company is a joint stock limited company and is subject to the PRC Company Law.

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in “Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts”; and
- (b) the written consents referred to in “Appendix VI — Statutory and General Information — D. Other Information — 8. Consents of Experts”.

2. DOCUMENTS AVAILABLE ON DISPLAY

The following documents will be available on display on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.commchina.net) up to and including the date which is 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the Accountant’s Report for the three years ended December 31, 2022, 2023, and 2024 from Ernst & Young, the text of which is set out in “Appendix I — Accountants’ Report”;
- (c) the report on the unaudited pro forma financial information from Ernst & Young, the text of which is set out in “Appendix II — Unaudited Pro Forma Financial Information”;
- (d) the audited consolidated financial statements of our Group for the three years ended December 31, 2022, 2023, and 2024;
- (e) the material contracts referred to in “Appendix VI — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts”;
- (f) the written consents referred to in “Appendix VI — Statutory and General Information — D. Other Information — 8. Consents of Experts”;
- (g) the service contracts and appointment letters referred to in the sub-section headed “Appendix VI — Statutory and General Information — C. Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Particulars of Directors’ and Supervisors’ Service Contracts and Appointment Letters”;

APPENDIX VII	DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY
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- (h) the legal opinions issued by King & Wood Mallesons, our legal advisor as to PRC law, in respect the general matters of the Group;
- (i) the legal opinion issued by Beijing Tenghe Law Firm, our litigation lawyer, the view of which is contained in the section headed “Business — Legal Proceedings” in this prospectus;
- (j) the PRC Company Law and the PRC Securities Law, together with their unofficial English translations; and
- (k) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed “Industry Overview” in this prospectus.

讯众股份

北京訊眾通信技術股份有限公司

Beijing Xunzhong Communication Technology Co., Ltd.



Beijing Xunzhong Communication Technology Co., Ltd.

北京訊眾通信技術股份有限公司

Room 1101, 11/F,
Block B Future Land Center,
Building 2, Yard 10,
Jiuxianqiao Road B,
Jiangtaixiang, Chaoyang District,
Beijing, PRC

Attention: Board of Directors

30 June 2025

Dear Sirs / Madams,

Consent to the issue of the prospectus of Beijing Xunzhong Communication Technology Co., Ltd. (北京訊眾通信技術股份有限公司) (the “Company”)

We refer to the prospectus of the Company dated 30 June 2025 (the “Prospectus”) in connection with the global offering and proposed listing of the H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

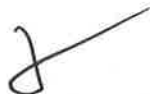
We hereby give, and confirm we have not withdrawn, our consent to the issue of the Prospectus and the inclusion therein of all reference to our name, statements, qualifications and opinions as set out in the Prospectus in the form and context in which they are respectively issued and or included or appear in the Prospectus.

We hereby consent to a copy of this letter being released to the Stock Exchange and the Registrar of Companies in Hong Kong and referring to it in the Prospectus. We also consent to this letter and our industry report being made available on display as described in the section headed “Documents Delivered to the Registrar of Companies and Available on Display” in Appendix VII to the Prospectus.

[signature page to follow]

Yours faithfully,

For and on behalf of
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.



Name: Terry Tse
Title: Consulting Director